

**Thriftwood School**  
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended  
31 August 2013

Company registration number:  
07747149 (England and Wales)

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# Thriftwood School

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# Thriftwood School

## REFERENCE AND ADMINISTRATIVE DETAILS

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The Trustees listed below are also Trustees for the purposes of Charity Law and Directors for the purposes of the Companies Act.

Ann-Marie Briggs (*)	<b>Community - Chair</b>	
Sally Davies (*)	<b>Principal &amp; Accounting Officer</b>	
David Cottrell (*)	<b>Member</b>	
Colin Davies	<b>Parent</b>	Resigned 23 April 2013
Peter Dervin (*)	<b>Parent</b>	
Chris Giffin (*)	<b>Community</b>	
Stephen Grout	<b>Parent</b>	Appointed 2 September 2013
Steven Hile	<b>Co-opted</b>	Appointed 2 July 2013
Janet Hill	<b>Community</b>	Resigned 12 March 2013
Clare Impleton	<b>Staff</b>	
David Lane	<b>Co-opted</b>	Appointed 2 July 2013
Ann Lawrence	<b>Community</b>	
Carolyn Mitchell	<b>Staff</b>	
Gill Padbury-Clark	<b>Parent</b>	
Lynn Porter	<b>Parent</b>	
Georgina Pryke (*)	<b>Staff</b>	Appointed 2 September 2013
Susan Reid (*)	<b>Staff</b>	
Mark Ross	<b>Co-opted - Responsible Officer</b>	
Nigel Rothwell (*)	<b>Community</b>	
Elizabeth Smart (*)	<b>Staff</b>	
Claire Smith	<b>Community</b>	(Parent until 2 July 2013)

(\*) Members of the Management Group which includes Audit Committee responsibilities

### Company Secretary

Carol Smee

### Senior Leadership Team:

Principal	Sally Davies
Deputy Principal and Head of College	Elizabeth Smart
Head of School	Georgina Pryke
Assistant Headteacher	David Hutton
Assistant Headteacher	Dianne Rigg
Head of Enterprise & Employability	Debbie Turner
Business Manager	Susan Reid

**Principal and registered office:** Thriftwood School  
Slades Lane  
Galleywood  
Chelmsford  
Essex CM2 8RW

**Company registration number:** 07747149

**Independent Auditor** Baker Tilly UK Audit LLP, Marlborough House, Victoria Road South, Chelmsford, Essex, CMI 1LN

**Bankers** National Westminster Bank Plc, Chelmsford Branch, National Westminster House, 4 – 5 High Street, Chelmsford, CM1 1FZ

**Solicitor** Browne Jacobson LLP, 44 Castle Gate, Nottingham, NG1 7BJ

# Thriftwood School

## TRUSTEES REPORT

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### CONSTITUTION AND MEMBERS' LIABILITY

Thriftwood School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter. The current members of the charitable company are A-M Briggs (Chair), D Cottrell, C Giffin and N Rothwell.

Thriftwood School is governed by the rules and regulations set down in its company Memorandum and Articles of Association.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### TRUSTEES' INDEMNITIES

The Trustees have not provided indemnities in respect of any activity undertaken at the School.

Qualifying third party indemnity provisions (as defined in section 236 of the Companies Act 2006) were in force for the benefit of directors of the charitable company throughout the year and remain in force at the date of this report.

#### PRINCIPAL ACTIVITIES

The principal activity of Thriftwood School is to provide education for boys and girls in the age range 5 to 16 who have a Statement of Special Educational Needs ("SEN"). The school is located in Galleywood, Chelmsford, Essex and has approximately 132 students.

During the year, the Secretary of State for Education gave approval for the School to extend its age range to 19. During September 2013, post-16 provision was commenced for 19 students. The new provision will be based at a separate site in Chelmsford and will be known as Thriftwood College.

#### METHOD OF RECRUITMENT, APPOINTMENT, ELECTION, INDUCTION & TRAINING OF TRUSTEES

The Trustees have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New Trustees will then be sought with these skills, either as additional Trustees or replacements when existing Trustees stand down. It is anticipated that the great majority of new Trustees will be drawn from the local community being either parents or guardians of pupils at the school or others that have shown an interest in the future wellbeing of the school and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communications to those within Essex.

New Trustees will be appointed to the board by the existing Trustees for a period of four years from the date of their initial appointment. At the end of their four year term, retiring Trustees are eligible for re-election for a further term. Parent Trustees remain on the board for the period of their appointment, even if their son or daughter has left the School, but must thereafter retire or be appointed in an alternative governor role.

Individual Trustees attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date. Trustees and teaching staff meet regularly to review specific areas of development of the School and share joint training on relevant topics. Newly-appointed Trustees are encouraged to attend training courses specifically designed to cater for their development. They are also mentored by the Chair, or other appropriate Trustee, to facilitate their rapid integration into the working of the Governing Body and into the wider School community in their role as Trustee.

# Thriftwood School

## TRUSTEES' REPORT (CONTINUED)

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### ORGANISATIONAL STRUCTURE

The Trustees have responsibility for setting and monitoring the overall strategic direction of the charitable company and approving decisions reserved to Trustees.

The Trustees meet as a board at a minimum of 3 times each year. All decisions reserved to the Trustees are taken by the board as a whole. An executive committee of the board, the "Management Group" meets at least 6 times each year to consider, challenge and approve matters on which it has delegated authority. The committee also considers issues requiring approval by the full governing board and makes recommendations to the full board. Other Committees are constituted where required by statute, or as required to maintain the orderly running of the School, for example, Health & Safety, Safeguarding, and Curriculum Forum. The powers are delegated to the full board, the Management Group or individual committee as detailed in a document generated by the board in accordance with the Decision Planner issued by the Department for Education ("DfE").

The Responsible Officer has an oversight role in relation to the systems and processes of control and risk management that operate throughout Thriftwood School. The Responsible Officer has delegated the performance of detailed reviews to Education Finance Support, Essex County Council. Education Finance Support provides detailed reports of its reviews to the Responsible Officer for appropriate follow-up action.

An Audit Committee has not been established as the Trustees believe that the oversight provided by other committees and the Responsible Officer is sufficient in the context of Thriftwood School's activities.

The Principal is the Accounting Officer and works closely with both the other Trustees and the senior staff of Thriftwood School.

The day-to-day management of Thriftwood School rests with the Principal who has overall responsibility for the school. The Principal is responsible for establishing a Senior Leadership Team ("SLT"), including the Business Manager, Deputy, Heads of School and College, Assistant Headteachers, and the Head of Enterprise & Employability.

The SLT line-manages the School's staff which includes teachers, learning support assistants, administrative, site, catering and technicians.

Each year the SLT meets to prepare a School Improvement Plan ("SIP") and this is subsequently presented to Trustees for consideration, challenge and approval. The SIP details strategic aims and academic targets as well as initiatives to further develop the school community. An objective of the SLT is to ensure all-round excellence within the School and the best possible education for the students as well as good working conditions for staff. In addition, consideration of activities and facilities provided for the wider community are also included within the SIP. Once agreed, management has responsibility for delivering the plan and reporting progress on a regular basis to the board of Trustees.

Coordinated with the objectives of the SIP is the annual financial plan, budget and asset management plan which is the responsibility of the Principal and Business Manager. The plan and budget are presented to the Management Group for consideration, challenge and discussion, prior to making a recommendation to the board of Trustees. Once approved, the Business Manager monitors income, expenditure and capital spending and regularly reports the financial status to the Principal, Management Group and full governing board.

### PROFESSIONAL INDEMNITY INSURANCE

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors and omissions occurring whilst on Academy Trust business. The insurance provides an aggregate limit of indemnity of £2,000,000.

# Thriftwood School

## TRUSTEES' REPORT (CONTINUED)

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### RISK & CORPORATE GOVERNANCE MATTERS

The Trustees maintain a register of business risk which is a living document, regularly reviewed and updated. Risks are maintained in 8 main categories and are allocated a degree of severity of impact based on level of risk and likelihood of an event occurring. The risk document and the underlying risks within the document are reviewed by the Management Group on a regular basis.

The Trustees have identified the following key risks to the Academy Trust:

- a) A drop in student numbers would result in lower funding levels and possibly in unviable class groups. At present, demand for places at the Academy Trust is at a high level and a waiting list is maintained to limit intake to acceptable levels to maintain the exceptional learning experience for students.
- b) The Local Authority controls admissions to the Academy Trust. A reduction in referrals could have an impact on funding as described in a) above. At the present time The Local Authority is unable to meet demand for places in special schools and there is great pressure on the Academy Trust to take additional students.
- c) The Academy Trust is exposed to fluctuations in government funding. Indicative funding levels from the Education Funding Agency are monitored to ensure that short to medium term obligations can be met and any changes in funding can be managed to protect the Academy Trust.
- d) During 2013, the Academy Trust received approval to increase the top of the age range from 16 to 19. To provide relevant educational provision for students up to age 19, the Academy Trust has, subsequent to the year-end, negotiated a lease from Essex County Council of a suitable building in Chelmsford. Risks will involve funding for the improvements to the building required to provide adequate facilities and will also be subject to the risks identified in b) and c) above. The Academy Trust is working with relevant professional companies to design and refurbish the new premises and the Academy Trust and governing body are monitoring progress regularly to minimise the inherent risk in this development.
- e) Along with other state schools and many other public bodies, the Academy Trust is also exposed to fluctuations in the value of the Local Government Pension Scheme. The scheme is presently underfunded and the School is paying additional contributions into the scheme with the aim of eradicating the deficit over a 20 year period. The amount being paid could either increase or decrease in line with market conditions. The SLT and Trustees are monitoring the situation and consider the additional amount payable to be affordable at present and have a reasonable expectation that the situation will remain affordable in the short to medium term.
- f) If the Academy Trust was to experience significant changes in staffing due to retirement or progression, there is a risk that the Academy Trust could become exposed and underperform. The SLT and Trustees monitor staffing levels through the Principal and are satisfied that adequate succession planning is in place to mitigate this risk.
- g) With rapid advances in technology, there is the possibility that the Academy Trust could be challenged to keep up with the pace of change. The Academy Trust strives to provide students and staff with good quality equipment and employs relevant staff to maintain the capability of the Academy Trust to meet student and staff needs for up-to-date IT infrastructure.

### RELATIONSHIPS WITH RELATED PARTIES

The School does not maintain business relationships with any connected parties.

### OBJECTIVES AND ACTIVITIES

#### OBJECTIVES AND AIMS

The objectives and aims for which the charitable company was established are set down in the governing document as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school specially organised to make special educational provision for pupils with Special Educational Needs (“the Special School”); and
- To promote for the benefit of individuals living in Galleywood, Chelmsford and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

# Thriftwood School

## TRUSTEES' REPORT (CONTINUED)

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### OBJECTIVES, STRATEGIES AND ACTIVITIES

The principal activity of Thriftwood School is to run a school and college for boys and girls in the age range 5 to 19 who have a Statement of Special Educational Needs. The school is located in Galleywood, Chelmsford, Essex and has approximately 132 students. An additional building in Chelmsford is being prepared to provide educational facilities appropriate to the upper age range of pupils, following the approval, during 2013, for the age range of the school to be extended from 16 to 19.

In order to provide exceptional learning opportunities for students of the Academy Trust, management concentrate on four key priorities:

- a) Outstanding teaching and learning – the Academy Trust aims to provide outstanding teaching to promote intellectual challenge and the highest possible achievement for each student.
- b) Care for the individual – the structures and ethos of the Academy Trust ensure care for the individual and support for the learning of each individual student.
- c) A fit place to learn – the Academy Trust aims to provide an inspirational and well-run environment in which students can learn and grow in settings appropriate to their age.
- d) Aspirational leadership – every leader in the school keeps their area of responsibility under review, competing with the best.

In addition, the Academy Trust aims to provide specialist outreach services into local schools (both Special Needs and Mainstream) to improve the provision of learning to students with SEN in those establishments.

The Academy Trust, in association with its partners, aims to provide relevant support to both students and families from the Academy Trust and the local communities in which the Academy Trust operates.

### PUBLIC BENEFIT

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Trustees' annual report.

#### *Benefits & Beneficiaries*

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

#### *Trustees' Assessment of Public Benefit*

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of Thriftwood School's activities by reviewing progress against targets set in the School Improvement Plan.

### ACHIEVEMENTS AND PERFORMANCE

#### REVIEW OF ACTIVITIES & EVENTS

- The Academy Trust is fully staffed with qualified teachers, specialising in SEN provision;
- The Secretary of State for Education gave permission for the Academy Trust to extend the upper age range of students from 16 to 19;
- Significant work has been undertaken to develop appropriate learning strategies for post-16 students;
- Facilities have been identified and are being developed to enable post-16 educational opportunities to be provided in an appropriate setting;
- The Academy Trust has retained specialist status for Business and Enterprise;
- The Academy Trust has maintained Fair Trade status;

# Thriftwood School

## TRUSTEES' REPORT (CONTINUED)

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- Forest School accredited trainers;
- The Academy Trust received an Excellence in Education in Enterprise Award (Warwick University);
- The Academy Trust has developed a research-based approach to school improvement in conjunction with Coventry University; and
- The Academy Trust continues to develop its capacity for providing training and professional development in SEN for teachers, support staff and other schools and agencies.

### IMPACT OF ACTIVITIES & EVENTS AND ASSESSMENT OF PUBLIC BENEFIT

- The Academy Trust works with many organisations. Trustees can monitor the benefit from working with these organisations through reports and feedback;
- The Academy Trust has an association with MENCAP;
- Through the Acorn centre, the Academy Trust provides courses on SEN for professional staff from other schools and agencies;
- A large number of after school and holiday clubs and activities have been provided for students and other local members of the community;
- Jack Petchey Foundation awards which enables the Academy Trust to recognise, reward and celebrate students achievements;
- Students at the Academy Trust work for the Duke of Edinburgh Awards;
- All students leaving the school progress to post-16 learning in other educational establishments, or transition into the Thriftwood College post-16 provision;
- Working with Barnardo's to provide activities for the wider community, during 2013; and
- Working within the community running Fairtrade Stalls in markets and various other locations.

### GOING CONCERN

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### FINANCIAL REVIEW

#### FINANCIAL OUTCOME OF ACTIVITIES & EVENTS

The predominant source of the Academy Trust's income is provided by the Education Funding Agency (EFA) in the form of recurring grants. The principal grants are the general annual grant (GAG) and the Local Authority Central Spend Equivalent Grant (LACSEG). Other smaller grants are received from the EFA. Each of the foregoing grants is "restricted" to particular purposes for the running of the school and providing services in accordance with the schools objectives. During the year to 31 August 2013, the grants received were £1,860,751 (2012: £1,618,239) and are shown as restricted funds in the statement of financial activities.

Other sources of funding are "unrestricted" and are mainly monies collected from parents/carers for student trips, monies gifted by the Parents and Friends Association and income from lettings of the premises to third parties.

At the year-end, the school held funds and reserves totalling £9,104,004 (2012: £2,226,440) of which £8,945,973 (2012: £2,102,533) was classified as restricted and £158,031 (2012: £123,907) which was classified as unrestricted. Details are provided in Note 15 to the accounts.

For capital projects, the school receives fixed asset grants from the EFA. In 2013 these grants amounted to £215,342 (2012: £nil). Other funding for the purposes of acquiring fixed assets amounted to £250,000 (2012: £8,421) and was the result of donations from the local authority. The school has, subsequent to the year-end, negotiated with Essex County Council to take a long lease (co-terminus with the lease on the existing school premises) on additional premises to enable post-16 provision to be provided in an appropriate setting and the fixed asset grant relates to these premises.



# Thriftwood School

## TRUSTEES' REPORT (CONTINUED)

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At 31 August 2013 the net assets of the School were £9,104,004 (2012: £2,226,040). The net assets are used wholly for the purposes of providing the School's objectives in furtherance of education of the School's students and associated activities.

The School achieved an operating surplus of £6,877,564 (2012: £2,226,040) in the year to 31 August 2013, due to the gift of a new building by Essex County Council valued at £6,370,300 together with the tight fiscal management of the School's finances in line with the rigorous budgets set. The surplus in 2012 included the net assets transferred from the local authority on the establishment of the Academy Trust.

The Academy Trust has, subsequent to the year-end, negotiated with Essex County Council (ECC) to take a lease of certain of the land and a building of a site at Fox Crescent, in the Melbourne area of Chelmsford, which was formerly a school. The lease end-date is coterminous with the lease of the existing School site in Galleywood and is at a peppercorn rent. The lease was signed on 29 November 2013, and occupation of the building commenced on 2 December. The value of the land and buildings is approximately £6,582,508, which has been capitalised in these accounts. The School has sub-let certain areas of the building to existing users of the site under leases drawn up between the Company, ECC and the tenants.

### PRINCIPAL RISKS AND UNCERTAINTIES

The financial risks facing Thriftwood School are outlined in the section headed Risk and Corporate Governance Matters disclosed earlier in this report.

### RESERVES POLICY

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The Trustees intend to review the reserves policy annually to ensure that this aim can be achieved.

At the balance sheet date, the charitable company had free reserves of £158,031 (2012: £123,907). The governors intend to utilise these reserves within the next financial year to enhance the education of students, including the further development of post-16 educational opportunities.

The charitable company also had restricted general funds at the balance sheet date of £240,676 (2012: nil). The Trustees intend that these funds will be used within the next financial year in furtherance of the charitable company's educational objectives and in line with the restrictions applying.

The charitable company has a deficit on the pension reserve of £1,217,000 (2012: £1,091,000) arising primarily from the transfer of employees who are members of the Local Government Pension Scheme (LPGS) to the Academy on conversion. The Company is planning to eliminate the deficit on the reserve over the lifetime of the existing employees based on advice provided by the LPGS Actuary.

### INVESTMENTS POLICY

The Trustees' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The charitable company's current policy is to invest surplus funds in short-term cash deposits.

# Thriftwood School

## TRUSTEES' REPORT (CONTINUED)

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### PLANS FOR FUTURE PERIODS

#### FUTURE STRATEGY

The Academy Trust plans to continuously improve the educational experience of students within the School and College and to develop staff skills to enable this improvement to be attained. The Academy Trust also plans to develop the range of provision for students from the ages of 16 to 19 through the development of Thriftwood College. Within the next five years, it is planned that the number of students at the school and college will increase from a level of approximately 130 to a level of approximately 250. The School also plans to build on its capability to provide expert assistance to other schools and agencies to support their teaching of SEN students.

The Academy Trust has partnerships with many other organisations and agencies and these partnerships will be developed and further partnerships established reflecting the increased age range of the students, in order to meet the Academy Trust's charitable objectives.

#### FUTURE ACTIVITIES & EVENTS

The Academy Trust commenced post-16 provision in September 2013, with an initial intake of 19 students. Student numbers are expected to increase over the following years. Subsequent to the year-end, a second site has been acquired and developed and an ongoing strategic review of the utilisation of the sites in the best interests of students and staff will be undertaken to ensure the best possible educational provision for all students of the Academy Trust. It is intended to have the two sites of the School designated as Thriftwood School and Thriftwood College.

#### IMPACT OF FUTURE ACTIVITIES & EVENTS

The Trustees will develop additional monitoring tools to reflect the additional school site and increase in student numbers, as well as continuing to use the key measures currently in use (see prior information).

#### PUBLIC BENEFIT

The Trustees will work closely with the SLT to establish monitoring tools to assess the implications on student outcomes and the financial implications of the move into post-16 education and the addition of a second site for the School, in line with the commitments made in the application to the DfE for the extension of the School's age range.

#### FUNDS HELD AS CUSTODIAN

Although the company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors and other funders, Thriftwood School does not hold, and the Trustees do not anticipate that it will in the future hold, any funds as custodian for any third party.

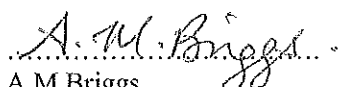
#### AUDITORS

The auditors, Baker Tilly UK Audit LLP, Chartered Accountants have indicated their willingness to continue in office.

#### STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees have confirmed that as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the members of the governing body at its meeting on 26/4/13... and signed on its behalf by:

  
A M Briggs  
Chair

# Thriftwood School

## GOVERNANCE STATEMENT

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### SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Thriftwood School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The governing body has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Thriftwood School and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

### GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The governing body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ann-Marie Briggs (Chair)	4	4
Sally Davies (Principal)	4	4
David Cottrell	3	4
Colin Davies (resigned 23 April 2013)	1	3
Peter Dervin	4	4
Chris Giffin	3	4
Janet Hill (resigned 12 March 2013)	2	3
Clare Impleton	3	4
Ann Lawrence	4	4
Carolyn Mitchell	4	4
Gill Padbury-Clark	3	4
Lynn Porter	3	4
Susan Reid	4	4
Mark Ross	2	4
Nigel Rothwell	2	4
Elizabeth Smart	4	4
Claire Smith	3	4

Two governors, Steven Hile and David Lane, were appointed during the financial year, subsequent to the final governing body meeting and were therefore not eligible to attend any meeting.

An executive committee of the board, the "Management Group" meets at least six times each year to consider detailed matters and recommend decisions to the full board. Other Trustees are invited to the meetings and attend, but are not able to vote.

<b>Management Group Trustees</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ann-Marie Briggs (Chair)	8	8
Sally Davies (Principal)	8	8
David Cottrell	8	8
Peter Dervin	8	8
Chris Giffin	7	8
Janet Hill (resigned 12 March 2013)	4	5
Susan Reid	7	8
Nigel Rothwell	5	8
Elizabeth Smart	7	8

# Thriftwood School

## GOVERNANCE STATEMENT (CONTINUED)

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### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Thriftwood School for the year to 31 August 2013 and up to the date of approval of the annual report and financial statements.

### **CAPACITY TO HANDLE RISK**

The governing body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

### **THE RISK AND CONTROL FRAMEWORK**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Management Group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor due to the size and nature of the Academy Trust. However, the Trustees have appointed Mark Ross, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and overseeing the performance of a range of checks on the School's financial systems carried out by a third party on behalf of the RO. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. During the year under review, minor weaknesses have been observed and modified procedures have been implemented to address all of the weaknesses identified.

### **REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Responsible Officer and third party review;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

# Thriftwood School

## GOVERNANCE STATEMENT (CONTINUED)

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The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Management Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on .....*26/11/13*..... and signed on its behalf by:

*A. M. Briggs*

A M Briggs  
Chair of Trustees

*S Davies*

S Davies  
Accounting Officer

# Thriftwood School

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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As Accounting Officer of Thriftwood School I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body are able to identify any irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregular, impropriety or funding non-compliance have been discovered to date.



S Davies  
Accounting Officer

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# Thriftwood School

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees are also the directors of the Charitable Company for the purposes of company law are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on *16.11.13*..... and signed on its behalf by:

.....*A.M. Briggs*.....

A M Briggs  
Chair of Trustees

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THRIFTWOOD SCHOOL

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We have audited the financial statements of Thriftwood School for the year ended 31 August 2013 on pages 16 to 39. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF TRUSTEES' AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who act as Trustees for the charitable activities of the company, and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies: Accounts Direction 2013 issued by the Education Funding Agency.

## OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

In our opinion the information given in the trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THRIFTWOOD SCHOOL (CONTINUED)

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MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Marlborough House

Victoria Road South

Chelmsford

Essex

CM1 1LN

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# Thriftwood School

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the year ended 31 August 2013

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £	Total 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	1	35,575	-	465,342	500,917	33,605
Assets donated from Local Authority	26	-	-	6,370,300	6,370,300	-
Voluntary income - transfer from local authority on conversion		-	-	-	-	2,504,667
Activities for generating funds	2	136,067	-	-	136,067	140,489
Investment income	3	2,028	-	-	2,028	1,041
Income from charitable activities						
Academy Trust's educational operations	4	-	1,860,751	-	1,860,751	1,618,239
<b>TOTAL INCOMING RESOURCES</b>		<b>173,670</b>	<b>1,860,751</b>	<b>6,835,642</b>	<b>8,870,063</b>	<b>4,298,041</b>
<b>RESOURCES EXPENDED</b>						
Cost of generating funds:						
Fund raising trading	5	139,546	-	-	139,546	103,287
Charitable activities:						
Academy Trusts's educational operations	6	-	1,703,086	64,785	1,767,871	1,684,636
Governance costs	7	-	24,082	-	24,082	42,678
<b>TOTAL RESOURCES EXPENDED</b>		<b>139,546</b>	<b>1,727,168</b>	<b>64,785</b>	<b>1,931,499</b>	<b>1,830,601</b>
<b>NET INCOMING/(OUTGOING)</b>						
<b>RESOURCES BEFORE TRANSFERS</b>		<b>34,124</b>	<b>133,583</b>	<b>6,770,857</b>	<b>6,938,564</b>	<b>2,467,440</b>
Gross transfers between funds	15	-	42,093	(42,093)	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>34,124</b>	<b>175,676</b>	<b>6,728,764</b>	<b>6,938,564</b>	<b>2,467,440</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial losses on defined benefit pension schemes	23	-	(61,000)	-	(61,000)	(241,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>34,124</b>	<b>114,676</b>	<b>6,728,764</b>	<b>6,877,564</b>	<b>2,226,440</b>

# Thriftwood School

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) (CONTINUED)

For the year ended 31 August 2013

	<i>Notes</i>	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £	Total 2012 £
NET MOVEMENT IN FUNDS		34,124	114,676	6,728,764	6,877,564	2,226,440
RECONCILIATION OF FUNDS						
Total funds brought forward		123,907	(1,091,000)	3,193,533	2,226,440	-
TOTAL FUNDS CARRIED FORWARD	15	<u>158,031</u>	<u>(976,324)</u>	<u>9,922,297</u>	<u>9,104,004</u>	<u>2,226,440</u>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

# Thriftwood School

## BALANCE SHEET

31 August 2013

	Notes	2013 £	2013 £	2012 £	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	11		9,714,159		3,193,533
<b>CURRENT ASSETS</b>					
Stock	12	1,107		1,214	
Debtors	13	416,271		4,186	
Cash at bank and in hand		276,847		223,232	
			<u>694,225</u>	<u>228,632</u>	
CREDITORS: Amounts falling due within one year	14	(87,380)		(104,725)	
<b>NET CURRENT ASSETS</b>			<u>606,845</u>		<u>123,907</u>
<b>TOTAL ASSETS LESS CURRENT</b>			<u>10,321,004</u>		<u>3,317,440</u>
<b>NET ASSETS EXCLUDING PENSION</b>			<u>10,321,004</u>		<u>3,317,440</u>
Pension Scheme Liability	23		(1,217,000)		(1,091,000)
<b>NET ASSETS INCLUDING PENSION</b>			<u>9,104,004</u>		<u>2,226,440</u>
<b>THE FUNDS OF THE ACADEMY</b>					
<b>RESTRICTED FUNDS</b>					
Fixed asset fund	15		9,922,297		3,193,533
General fund			240,676		-
Restricted funds excluding pension reserve			<u>10,162,973</u>		<u>3,193,533</u>
Pension reserve	15		(1,217,000)		(1,091,000)
<b>TOTAL RESTRICTED FUNDS</b>			<u>8,945,973</u>		<u>2,102,533</u>
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	15		<u>158,031</u>		<u>123,907</u>
<b>TOTAL FUNDS</b>			<u>9,104,004</u>		<u>2,226,440</u>

The financial statements on pages 16 to 39 were approved by the trustees and authorised for issue on ..... and are signed on their behalf by:



S Davies  
Accounting Officer

# Thriftwood School

## CASH FLOW STATEMENT

For the year ended 31 August 2013

	<i>Notes</i>	2013 £	2012 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	18	(198,644)	120,934
Returns on investments and servicing of financing	19	2,028	1,041
Capital expenditure	20	250,231	(3,160)
Cash transferred on conversion to an academy trust	19A	-	104,417
INCREASE IN CASH IN THE YEAR	21	<u>53,615</u>	<u>223,232</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER 2012		223,232	-
Increase in cash in the year		<u>53,615</u>	<u>223,232</u>
NET FUNDS AT 31 AUGUST 2013		<u>276,847</u>	<u>223,232</u>

# Thriftwood School

## ACCOUNTING POLICIES

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### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice: 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies: Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### GOING CONCERN

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

### INCOMING RESOURCES

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

### GRANTS RECEIVABLE

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

### DONATIONS

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reasonably measured.

### OTHER INCOME

Other income including hire of facilities is recognised in the year it is receivable and to the extent the goods have been provided or the completion of the service.

### INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

### RESOURCES EXPENDED

All expenditure is recognised in the year in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

# Thriftwood School

## ACCOUNTING POLICIES (CONTINUED)

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### RESOURCES EXPENDED (CONTINUED)

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and the Department for Education.

Funding Agency, the Department for Education and other donor, where the asset acquired or created is held for a specific purpose.

### TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Long leasehold land	over the life of the lease
Long leasehold buildings	2% p.a.
Fixtures, fittings and equipment	20% p.a.
ICT equipment	33% p.a.
Motor vehicles	20% p.a.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Assets under construction are accounted for at cost. They are not depreciated until they are brought into use.

# Thriftwood School

## ACCOUNTING POLICIES (CONTINUED)

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### TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### LEASED ASSETS

Rentals under operating leases are charged on a straight-line basis over the lease term.

### PENSION BENEFITS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust in the previous financial period, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and was accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained school Thriftwood School to an academy trust were valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Thriftwood School. The amounts were recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in as a gift in the Statement of Financial Activities and analysed under unrestricted, restricted general and restricted fixed assets funds.

### STOCK

Stock generally consists of small items of uniform and catering stock. A full stock count is made at the year end and stock is valued at the lower of cost price or net realisable value.



# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

1 VOLUNTARY INCOME	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £	Total 2012 £
DfE/EFA capital grant	-	-	215,342	215,342	-
Donations - capital	-	-	250,000	250,000	-
Other donations	35,575	-	-	35,575	33,605
	<u>35,575</u>	<u>-</u>	<u>465,342</u>	<u>500,917</u>	<u>33,605</u>
2 ACTIVITIES FOR GENERATING FUNDS	Unrestricted funds £	Restricted general funds £	Total 2013 £	Total 2012 £	
Business enterprise activities	95,333	-	95,333	103,677	
Catering income	16,890	-	16,890	14,495	
Class sales	5,423	-	5,423	2,385	
Swimming	1,703	-	1,703	1,141	
Educational visits	10,279	-	10,279	12,188	
Lettings	6,388	-	6,388	6,454	
Miscellaneous other income	51	-	51	149	
	<u>136,067</u>	<u>-</u>	<u>136,067</u>	<u>140,489</u>	

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

3	INVESTMENT INCOME	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
	Short term deposits	2,028	-	2,028	1,041
<hr/>					
4	FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS	Unrestricted funds £	Restricted general funds £	Total 2013 £	Total 2012 £
<b>DfE/EFA REVENUE GRANTS</b>					
	General annual grant (GAG)	-	1,710,085	1,710,085	1,524,532
	Start up grants	-	-	-	25,000
	Other DfE/EFA grants	-	13,271	13,271	49,784
		-	1,723,356	1,723,356	1,599,316
<hr/>					
<b>OTHER GOVERNMENT GRANTS</b>					
	School Standard Funds	-	10,547	10,547	4,823
	Local authority grants	-	115,991	115,991	-
	Special educational projects	-	10,857	10,857	14,100
		-	137,395	137,395	18,923
		-	1,860,751	1,860,751	1,618,239
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# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 5 RESOURCES EXPENDED

	Non pay expenditure			Total	Total
	Staff costs	Premises	Other costs	2013	2012
	£	£	£	£	£
Costs of generating voluntary income	-	-	-	-	-
Fund-raising trading	111,522	-	28,024	139,546	103,287
Academy's education operations					
Direct costs (note 6)	1,077,286	-	108,915	1,186,201	1,197,002
Allocated support costs (note 6)	334,962	144,000	102,708	581,670	487,634
	<u>1,523,770</u>	<u>144,000</u>	<u>239,647</u>	<u>1,907,417</u>	<u>1,787,923</u>
Governance costs including allocated support costs (note 7)	-	-	24,082	24,082	42,678
	<u>1,523,770</u>	<u>144,000</u>	<u>263,729</u>	<u>1,931,499</u>	<u>1,830,601</u>
Net incoming/(outgoing) resources for the year:				2013	2012
				£	£
Operating leases - plant and machinery				2,759	3,168
Fees payable to Baker Tilly UK Audit LLP and its associates for:					
- audit				10,250	7,500
- other services - in respect of the current year				7,790	1,900
- other services - in respect of the prior period				6,042	-

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 6 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATION OPERATIONS

	2013	2012
	£	£
<b>DIRECT COSTS</b>		
Teaching and educational support staff	1,077,286	1,029,778
Educational supplies	24,547	32,691
Educational consultancy	24,668	6,218
Examination fees	1,232	1,848
Depreciation	9,105	6,119
Legal & professional fees	40,839	59,155
Staff development	8,524	23,193
Pension scheme - other finance cost	-	38,000
	<u>1,186,201</u>	<u>1,197,002</u>
<b>ALLOCATED SUPPORT COSTS</b>		
Support staff costs	334,962	275,933
Depreciation	55,680	26,179
Maintenance of premises and equipment	54,409	63,220
Cleaning	5,433	4,302
Rent and rates	25,260	20,649
Insurance	11,851	12,636
Security and transport	2,659	866
Legal & professional	21,175	68,925
PPS and telephone	8,348	2,687
Pension scheme - other finance cost	41,000	-
Other support costs	20,893	12,237
	<u>581,670</u>	<u>487,634</u>
	<u>1,767,871</u>	<u>1,684,636</u>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 7 GOVERNANCE COSTS

	2013 £	2012 £
Legal and professional fees	-	27,080
Auditors' remuneration		
Audit of financial statements	10,250	7,500
Other services	13,832	5,589
Support costs	-	2,509
	<u>24,082</u>	<u>42,678</u>

### 8 STAFF COSTS

	2013 £	2012 £
Staff costs during the year were:		
Wages and salaries	1,184,737	1,109,958
Social security costs	75,614	69,161
Pension costs	204,419	158,946
	<u>1,464,770</u>	<u>1,338,065</u>
Supply teacher costs	59,000	26,844
	<u>1,523,770</u>	<u>1,364,909</u>

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2013 No.	2013 FTE	2012 No.	2012 FTE
Management	7	6.60	7	6.60
Teachers	15	11.00	15	11.00
Administration and support	41	29.15	41	29.17
	<u>63</u>	<u>46.75</u>	<u>63</u>	<u>46.77</u>

Included within management are 5 (2012: 5) teachers.

Included within administration and support are 27 (2012: 26) learning support assistants, 3 (2012: 4) members of the administration team and 11 (2012: 11) members of the facilities team.

The number of employees whose emoluments fell within the following bands was:

£60,001 - £70,000

1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for this staff member amounted to £9,532 (2012: £9,301).

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

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### 9 TRUSTEES' REMUNERATION AND EXPENSES

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff trustees and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees. The value of the Principal's remuneration was £67,602 (2012: £65,963). The value of the staff trustees' remuneration was as follows:

- Elizabeth Smart, Staff governor & trustee	£45,000 - £50,000
- Carolyn Mitchell, Staff governor & trustee	£40,000 - £45,000
- Susan Reid, Staff governor & trustee	£35,000 - £40,000
- Clare Impleton, Staff governor & trustee	£10,000 - £15,000

The above trustees received remuneration in respect of their employment as members of the academy's staff and not in respect of their services as trustees of the academy trust.

During the year ended 31 August 2013, travel and subsistence expenses totalling £Nil (2012: £Nil) were reimbursed to trustees.

Related party transactions involving the trustees are set out in note 24.

### 10 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

The cost of this insurance is included in the total insurance cost.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 11 TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £	Assets under construction £	Fixtures fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST</b>						
1 September 2012	3,170,000	-	32,306	7,525	16,000	3,225,831
Additions	-	212,208	-	2,903	-	215,111
Donated from Local authority	-	6,370,300	-	-	-	6,370,300
31 August 2013	<u>3,170,000</u>	<u>6,582,508</u>	<u>32,306</u>	<u>10,428</u>	<u>16,000</u>	<u>9,811,242</u>
<b>DEPRECIATION</b>						
1 September 2012	23,246	-	5,532	587	2,933	32,298
Charge for the year	52,480	-	6,463	2,642	3,200	64,785
31 August 2013	<u>75,726</u>	<u>-</u>	<u>11,995</u>	<u>3,229</u>	<u>6,133</u>	<u>97,083</u>
<b>NET BOOK VALUE</b>						
31 August 2013	<u>3,094,274</u>	<u>6,582,508</u>	<u>20,311</u>	<u>7,199</u>	<u>9,867</u>	<u>9,714,159</u>
31 August 2012	<u>3,146,754</u>	<u>-</u>	<u>26,774</u>	<u>6,938</u>	<u>13,067</u>	<u>3,193,533</u>

12 STOCK	2013 £	2012 £
Catering stock	528	1,214
Uniform stock	579	-
	<u>1,107</u>	<u>1,214</u>

13 DEBTORS	2013 £	2012 £
Trade debtors	4,541	-
VAT Recoverable	34,115	-
Other debtors	374,092	4,186
Prepayments	3,523	-
	<u>416,271</u>	<u>4,186</u>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

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14 CREDITORS: Amounts falling due within one year	2013	2012
	£	£
Trade creditors	16,159	17,022
Other taxation and social security	22,113	23,614
Other creditors	18,855	17,778
Accruals	30,253	46,311
	<hr/>	<hr/>
	87,380	104,725
	<hr/>	<hr/>



# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 15 FUNDS

	At 1 September 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2013 £
<b>RESTRICTED GENERAL</b>					
General Annual Grant (GAG)	-	1,710,085	(1,511,502)	42,093	240,676
Pension reserve	(1,091,000)	-	(65,000)	(61,000)	(1,217,000)
Other DfE/EFA grants	-	13,271	(13,271)	-	-
Local authority grants	-	126,538	(126,538)	-	-
Special Educational Projects	-	10,857	(10,857)	-	-
	<u>(1,091,000)</u>	<u>1,860,751</u>	<u>(1,727,168)</u>	<u>(18,907)</u>	<u>(976,324)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Capital expenditure from GAG	10,639	-	(506)	-	10,133
DfE/EFA capital grants	-	215,342	(10,227)	-	205,115
Local authority grants	-	250,000	-	(42,093)	207,907
Assets donated from Local authority	-	6,370,300	-	-	6,370,300
Inherited fixed assets	3,182,894	-	(54,052)	-	3,128,842
	<u>3,193,533</u>	<u>6,835,642</u>	<u>(64,785)</u>	<u>(42,093)</u>	<u>9,922,297</u>
<b>TOTAL RESTRICTED</b>	<u>2,102,533</u>	<u>8,696,393</u>	<u>(1,791,953)</u>	<u>(61,000)</u>	<u>8,945,973</u>
<b>UNRESTRICTED FUNDS</b>					
General fund	123,907	173,670	(139,546)	-	158,031
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>123,907</u>	<u>173,670</u>	<u>(139,546)</u>	<u>-</u>	<u>158,031</u>
<b>TOTAL FUNDS</b>	<u>2,226,440</u>	<u>8,870,063</u>	<u>(1,931,499)</u>	<u>(61,000)</u>	<u>9,104,004</u>

The specific purposes for which the funds are to be applied are as follows:

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the EFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2013.

The Pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Other DfE/EFA fund has been created to recognise the restricted grant funding received from the DfE/EFA which fall outside the scope of core funding.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Academy's revenue expenditure.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 15 FUNDS (CONTINUED)

The Special Educational Projects fund has been set up to recognise the restricted funding received from the EFA to assist with the costs incurred providing disadvantaged students with the additional educational resources that they require.

The Capital expenditure from GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding. Depreciation charged to the assets purchased with the GAG funding is allocated to this fund.

The DfE/EFA and local authority capital grant funds have been created to recognise the capital grants received for the purpose of the acquisition of tangible fixed assets. The amount spent in excess of the capital grants received has been transferred in from the GAG fund. Depreciation relating to these assets has been allocated to this fund.

The Assets donated from Local Authority Fund has been set up to recognise the tangible assets gifted to the academy since conversion by the local authority. Depreciation charged on those inherited assets is allocated to the fund.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted	Restricted	Restricted	Total	Total
	funds	general	fixed asset	2013	2012
	£	£	£	£	£
Tangible fixed assets	-	-	9,714,159	9,714,159	3,193,533
Current assets	158,123	327,964	208,138	694,225	228,632
Current liabilities	(92)	(87,288)	-	(87,380)	(104,725)
Pension scheme liability	-	(1,217,000)	-	(1,217,000)	(1,091,000)
<b>TOTAL NET ASSETS/ LIABILITIES</b>	<b>158,031</b>	<b>(976,324)</b>	<b>9,922,297</b>	<b>9,104,004</b>	<b>2,226,440</b>

### 17 FINANCIAL COMMITMENTS

#### OPERATING LEASES

At 31 August the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
Other:		
Expiring within two and five years inclusive	2,759	2,759

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

18 RECONCILIATION OF NET INCOME TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	2013 £	2012 £
Net income	6,938,564	2,467,440
Cash impact of transfer on conversion	-	(2,504,667)
Assets donated from Local Authority	(6,370,300)	-
Depreciation	64,785	32,298
Capital grants from DfE and others	(465,342)	(8,421)
Interest receivable	(2,028)	(1,041)
FRS 17 pension cost less contributions payable (note 23)	24,000	(2,000)
FRS 17 pension finance income (note 23)	41,000	38,000
Decrease/(increase) in stocks	107	(1,214)
Increase in debtors	(412,085)	(4,186)
(Decrease)/increase in creditors	(17,345)	104,725
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>(198,644)</b>	<b>120,934</b>
19 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,028	1,041
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	<b>2,028</b>	<b>1,041</b>
19A CASH TRANSFERRED ON CONVERSION TO AN ACADEMY	2013 £	2012 £
Cash balance transferred on conversion	-	104,417
20 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(215,111)	(11,581)
Capital grants from DfE and others	465,342	8,421
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>250,231</b>	<b>(3,160)</b>

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2012 £	Cash flows £	At 31 August 2013 £
Cash at bank and in hand	223,232	53,615	276,847
	<u>223,232</u>	<u>53,615</u>	<u>276,847</u>

### 22 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

### 23 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions were payable to the schemes as follows at 31 August and are included within other creditors:

	2013 £	2012 £
Teachers' Pension Scheme	11,179	11,008
Local Government Pension Scheme	7,575	6,652
	<u>18,754</u>	<u>17,660</u>

#### Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

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### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Teachers' Pension Scheme (continued)

##### Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

##### Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the year amounted to £85,419 (2012: £75,946).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

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### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August was £123,000, of which employer's contributions totalled £95,000 and employees' contribution totalled £28,000. The agreed rates for future years are 12.3 per cent for employers and 6 per cent for employees.

<u>Principal actuarial assumptions</u>	2013	2012
	%	%
Rate of increase in salaries	4.7	3.7
Rate of increase for pensions in payment	2.9	1.9
Discount rate	4.7	3.9
Inflation (CPI)	2.9	1.9

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement are 65 are:

	2013	2012
	years	years
Retiring today:		
Males	22.7	22.7
Females	25.3	25.3
Retiring in 20 years:		
Males	24.2	24.1
Females	26.9	26.8

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rate of return were:

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	6.6%	169,000	5.9%	112,000
Gilts	3.5%	21,000	2.8%	10,000
Other bonds	4.4%	23,000	3.9%	15,000
Property	5.6%	29,000	4.9%	21,000
Cash	0.5%	8,000	0.5%	7,000
Alternative assets	4.4%	10,000	0.0%	-
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>260,000</b>		<b>165,000</b>
Present value of scheme liabilities				
- Funded		(1,477,000)		(1,256,000)
<b>DEFICIT IN THE SCHEME</b>		<b>(1,217,000)</b>		<b>(1,091,000)</b>

The actual return on the scheme assets was £30,000 (2012: £7,000).

The expected return on assets is based on the long-term future expected investment return for each asset class. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Amounts recognised in the statement of financial activities	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	91	57
Past service cost	-	-
<b>Total operating charge</b>	<b>91</b>	<b>57</b>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	10	5
Interest on pension liabilities	(51)	(43)
<b>Pension finance costs</b>	<b>(41)</b>	<b>(38)</b>

The actuarial gains and losses for the current year are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £302,000 (2012: £241,000).

# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Movements in the present value of defined benefit obligations were as follows:	2013 £'000	2012 £'000
At 1 September	1,256	861
Current service cost	119	83
Interest cost	51	43
Employee contributions	28	26
Actuarial loss	82	243
Benefits paid	(59)	-
At 31 August	<u>1,477</u>	<u>1,256</u>

Movements in the fair value of Academy Trust's share of scheme assets:	2013 £'000	2012 £'000
At 1 September	165	47
Expected return on assets	10	5
Actuarial gain	21	2
Employer contributions	95	85
Employee contributions	28	26
Benefits paid	(59)	-
At 31 August	<u>260</u>	<u>165</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £95,000.

Amounts for the year:

	2013 £'000	2012 £'000
Present value of defined benefit	(1,477)	(1,256)
Fair value of share of scheme assets	260	165
Deficit in the scheme	<u>(1,217)</u>	<u>(1,091)</u>



# Thriftwood School

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Experience adjustments on  
share of scheme assets  
Amount £'000

21                      2

Experience adjustments on  
scheme liabilities:  
Amount £'000

-                      -

### 24 RELATED PARTIES

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

### 25 CAPITAL COMMITMENTS

2013                      2012  
£                              £

Contracted for, but not provided in the financial statements

414,492                      -

### 26 POST BALANCE SHEET EVENTS

The Academy Trust has, subsequent to the year-end, negotiated with Essex County Council (ECC) to take a lease of certain of the land and a building of a site at Fox Crescent, in the Melbourne area of Chelmsford, which was formerly a school. The lease end-date is coterminous with the lease of the existing School site in Galleywood and is at a peppercorn rent. The lease was signed on 29 November 2013, and occupation of the building commenced on 2 December. The value of the land and buildings is approximately £6,582,508, which has been capitalised in these accounts. The School has sub-let certain areas of the building to existing users of the site under leases drawn up between the Company, ECC and the tenants.

# INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THRIFTWOOD SCHOOL AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 4 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Thriftwood School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Thriftwood School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Thriftwood School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Thriftwood School and the EFA, for our work, for this report, or for the conclusion we have formed.

## RESPECTIVE RESPONSIBILITIES OF THRIFTWOOD SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Thriftwood School's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## APPROACH

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
THRIFTWOOD SCHHOL AND THE EDUCATION FUNDING AGENCY

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CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BAKER TILLY UK AUDIT LLP  
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Marlborough House  
Victoria Road South  
Chelmsford  
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