

# **Churchdown School**

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## **Financial Statements 2012-2013**

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# CHURCHDOWN SCHOOL

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## CHURCHDOWN SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS

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#### Trustees

Mr C Evans	Chair of Trustees & Curriculum	(appointed 1 November 2011)
Mr P Morrison	Vice Chair of Trustees & Finance & Staffing	(appointed 1 November 2011)
Mr S Packer	Head Teacher & Accounting Officer	(appointed 1 November 2011)
Mrs S Hodgson	Deputy Head Teacher & Pupil & Parents	(appointed 1 November 2011)
Mr S Ireland	Responsible Officer & Pupil & Parents	(appointed 1 November 2011)
Mrs S Belinfante	Curriculum	(appointed 1 November 2011)
Mr J Chambers	Curriculum	(appointed 31 May 2013)
Mrs M Clare	Finance & Staffing, Pupils and Parents	(appointed 1 November 2011)
Mr A Dee	Finance & Staffing	(appointed 1 November 2011)
Mr R Fish	Finance & Staffing	(appointed 1 November 2011)
Mrs L Hall	Curriculum & Premises & Site	(appointed 1 November 2011)
Mrs E Phillips	Pupils and Parents	(resigned 8 October 2012)
Mr J Perkin	Premises & Site	(appointed 1 November 2011)
Mrs A Scales	Pupils & Parents	(appointed 1 November 2011)
Mr P Stevens	Premises & Site	(appointed 1 November 2011)
Mr B Upward	Curriculum	(resigned 31 March 2012)
Mr D White	Premises & Site	(appointed 1 November 2011)
Mr I Willoughby	Curriculum	(appointed 1 November 2011)
Mrs J Wooler	Finance & Staffing	(appointed 1 November 2011)

#### Company Secretary

Mr S Lloyd	(appointed 1 November 2011)
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#### Senior Leadership Team

Mrs S Hodgson	Deputy Head Teacher
Mrs L Arkell	Assistant Head Teacher
Mr B Ballinger	Assistant Head Teacher
Mr S Horton	Assistant Head Teacher
Mr M Thomas	Assistant Head Teacher
Mr S Lloyd	School Business Manager

#### Registered Office

Winston Road  
Churchdown  
Gloucester  
GL3 2RB

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## CHURCHDOWN SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS

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**Company Registration Number** 7773693 (England and Wales)

#### **Auditors**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

#### **Bankers**

Yorkshire Bank Plc	HSBC Bank Plc
Epsilon House	The Cross
Gloucester Business Park	Gloucester
Gloucester	GL1 2AP
GL3 4AD	

#### **Solicitors**

Harrison Clark Rickerbys LLP  
Ellenborough House  
Wellington Street  
Cheltenham  
GL50 1YD

#### **Surveyors**

David Smith  
DSC Consultants Limited  
47 Brunswick Road  
Gloucester  
GL1 1JS

## **CHURCHDOWN SCHOOL**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013**

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The Trustees present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2013.

#### **Constitution and Principal Activities**

Churchdown School was a Foundation School that was granted permission to convert to an Academy on 1 November 2011. The principal activity is to provide education to pupils in years 11-18 with a broad and balanced curriculum.

Churchdown School (the "Academy") is a company limited by guarantee and an exempt charity. It was incorporated on 1 November 2011. The Academy generally refers to itself as a School rather than a Company, to its Directors as Trustees and to the Principal as the Head Teacher. The Academy's memorandum and articles of association, together with the funding agreement are the primary governing documents of the Academy.

The Trustees act for the charitable activities of the Academy and are the directors of the Charitable Company for the purposes of company law. Details of the Trustees who served throughout the year are listed on page 1.

#### **Members' Liability**

Each member of the Academy undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

In accordance with normal commercial practise, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent act, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim.

#### **Recruitment and Appointment or Election of Trustees**

The Trustees are directors of the company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The Trustees who were in office at 31 August 2012 and served throughout the year, are listed in the Reference and Administrative Details set out on page 1.

Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. The term of office for any Governor, other than the Head Teacher, is four years. All Trustees are also members of the Academy Trust.

Parent Trustees are elected by parents of registered pupils at the Academy and should be a parent of a pupil at the Academy when elected. The Trustees may appoint up to three co-opted Trustees, up to 14 Trustees with no more than three employees of the Academy trust (including the Head Teacher).

Regard is given to the skills mix of the Trustees to ensure that the Board of Trustees has all the necessary skills required to contribute fully to the Academy's development.

No Governor received any remuneration in respect of their duties as governor from the Academy during the period.

#### **Trustees Induction and Training**

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction is provided on educational, legal and financial matters. All new Trustees will be given a tour of the Academy and a chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, strategic plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

**Trustees Induction and Training (continued)**

New Trustees are given a National Governors' Association "Welcome to Governance" guidance booklet and e-mailed a link to the County Council Schools net website where they can obtain information and guidance and also book training courses. They also receive a CRB clearance application, copy of the School Development Plan, list of all Trustees' contact details and list of members of the various sub-committee, as well as a calendar of meetings for the rest of the academic year. Updates received, for example, training courses/What's up Gov?, are circulated to all Trustees electronically as soon as they are available, on a regular on-going basis.

**Organisational Structure**

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, monitoring the Academy by the use of budgets and reports and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Trustees also monitor the performance of the Senior Leadership Team.

The Board of Trustees has established a number of sub-committees to review policies and performance of the school in all areas, all of which report back to the Full Board of Trustees. Every member of the Board of Trustees sits on at least one sub-committee and the Head Teacher attends the Staffing and Finance Sub-Committee along with other members of the Academy's senior leadership team (as appropriate).

The Senior Leadership Team of the Academy comprises the Head Teacher, Deputy Head Teacher, four Assistant Head Teachers and the Business Manager. This team control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment decisions for management posts always involve a Trustee. Some spending control is devolved to members of the extended Middle Leadership Team who each have budgets, with limits above which a senior manager must countersign.

**Risk Management**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. the vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant risks remain, they have ensured they have adequate insurance cover.

**Connected Organisations**

The Academy continues to develop partnerships with local primary schools; including a special school, Milestone School and secondary schools namely Chosen Hill and Millbrook Academy.

**Objectives and Activities**

When setting the objectives of the Academy, the Trustees have given careful consideration to the Charity Commission's general guidance on the public benefit, and in particular to its supplementary guidance on advancing education. The Academy aims to offer "more than a visible curriculum" by enriching pupils' experience of school with extensive opportunities for extra-curricular activities and a wide range of educational trips.

We aim to be a centre of high quality education where effective learning, provided in a supportive and caring environment, is the most important purpose of the school. We have a committed and talented staff that work well together as a team. We stand for Creating Opportunity, Commitment to Learning and Ensuring Success.

Expectations of staff and students are high and we are committed to self-evaluation and continuous improvement. We provide excellent staff development opportunities and are committed to promoting individual career development. We met the Investors in People standards at our first attempt and have been reassessed and gained the award again.

### **School Vision and Aims 2013-1014**

We are committed to our vision of: Creating Opportunity, Commitment to Learning and Achieving Success

#### **Our Aims**

At the Academy we:

- value all of our students and staff equally
- provide high quality care and support for all of our students
- expect students to work hard and enjoy school
- endeavour to develop the full potential of every student
- expect students to be involved and to accept responsibility
- continue the professional development and training of all staff
- involve parents and carers in their children's education
- ensure that students meet the school's expectations
- expect parents, carers and the community to support the school in its expectations
- will be a centre of excellence for the Visual Arts

#### **Focus for 2013-2014**

The focus for 2013-2014 will be based on *Data, Clarity and Accountability*.

#### **Strategies and Activities**

The Academy has clear targets and strategies, which are included in the School Development Plan. Each individual department also has their own Improvement Plan which forms part of the overall School Development Plan.

#### **Public Benefit**

The Governors have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction of the Academy. The Governors have referred to the Charities Commission's general guidance on public benefit when reviewing the Academy's aims and objectives and in planning future activities for the year. The Academy continues to be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community.

#### **Achievements and Performance**

In 2009 and 2010 the school did not perform well against threshold performance targets. Our particular concern was the percentage of pupils attaining 5 A\* to C including Maths and English. The strategies put in place secured an 8% improvement in 2010 with further interventions securing a further 17% improvement in 2011. In 2012 we secured a further 9% improvement with 66% of pupils attaining 5 A\* to C including Maths and English. This means that between 2009 and 2012 there was a 34% improvement in this threshold figure. In 2013 these particular results dropped to 48% which was disappointing with a number of pupils not securing a C grade in English who were expected to do so.

In Key Stage 4 there had been a general improvement in the percentage of pupils achieving 5 A\* to C but we considered this progress to be too slow and put in place strategies that have had a significant impact since 2011. In the four year period from 2009 to 2012 this threshold figure improved by 31% from 58% to 89% with a very large majority of students taking mainly GCSEs. However, in 2013 5 A\* to C results dropped to 76%.

**Achievements and Performance (continued)**

The focus of our intervention work has been in English and Maths. This work has seen these departments increase their A\* to C pass rate significantly. In the three year period 2009-2012 English moved from 51% to 75% and Maths from 46% to 80%. We have not only focussed on the A\* to C threshold figures but looked to make wider improvements in the expected progress figures. This work has been successful with English going from 49% to 78% and Maths going from 39% to 76% up to 2012, but results in 2013 showed drops in both subjects with A-C grades in English 59% and in Maths 65%. Three levels of progress for English was 50% and for Maths 62%

**Going Concern**

The Governing Body has a reasonable expectation that the Academy 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 Accounting Policies note of the financial statements.

**OFSTED Inspection**

In July 2012 we were inspected by OFSTED. This was a Section 5 Inspection. Churchdown was described as a good school and the grades are listed below:

- Overall Effectiveness                      Good
- Achievement                                      Good
- Leadership and Management              Good
- Quality of Teaching                              Good
- Behaviour and Safety                              Satisfactory

**Key findings**

Churchdown School is a good school with improving attainment. It is not yet outstanding because attainment and progress are uneven as not all teaching is good or better.

The leaders in the Academy have developed a rigorous approach to the development of teaching and learning and have a clear understanding of the school priorities. Performance management is effective and so strategies to raise attainment and increase the proportion of good and outstanding teaching are effective. The capacity for further improvement is strong and the Academy leaders are clear how further refinements of processes and analysis of impact can bring about more improvements. The Academy provides a range of good opportunities for students' spiritual, moral, social and cultural development. This is particularly strong in the Academy's specialist area of visual arts.

Achievement in the Academy has shown a significant improvement. Year 11 students have broadly average attainment on entry to the school although most students arrive with lower prior attainment. Students now make good progress including in the Sixth Form. This has ensured that attainment is now high overall.

As a result of the development of teaching and learning the overall quality of teaching is good. The best of teaching ensures that students build on prior learning and are challenged with personalised work that encourages independent thinking. The Academy leaders are aware of a few inconsistencies in the quality of teaching and the lack of individualised work to challenge all students more of the time.

Students' attitudes and behaviour are improving. They generally adopt positive and mature attitudes to learning. There is, however, a small but significant minority of students in the school that sometimes disrupt learning. It is for this reason that behaviour in the Academy is satisfactory rather than good. The systems in the Academy to ensure safety are good as are procedures for dealing with issues such as bullying.

The Sixth Form is good. Students achieve well. There is a wide range of opportunities for personal development and academic success. Students are excellent role models in the school, they contribute a great deal to school life and behaviour in the sixth form is outstanding.

## CHURCHDOWN SCHOOL

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013

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#### Financial Review

The Academy converted on 1 November 2011; this financial data covers the 12 month period up to the end of academic year 31 August 2013 with comparative amounts for the 10 month period to the end of the academic year 31 August 2012.

The Academy converted in November 2011 with assets and liabilities in total of £19,896,874 including £263,000 unrestricted funds, £21,448,874 fixed assets less £1,815,000 pension deficit.

This financial year it received £7,260,996 (2012: £6,262,715) of income from grants, donations and activities for generating funds and incurred costs of £7,581,465 (2012: £6,084,054) on educational operations, governance costs and pension charges, recognising a deficit of £298,469 (2012: £8,339).

At 31 August 2013 the Academy carried forward £19,593,899 (2012: 19,892,368) including £586,964 (2012: £619,198) of general funds, £21,036,935 (2012: £21,455,920) fixed assets less £2,030,000 (2012: £2,014,000) pension funds deficit.

#### Income

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted for specific purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

In addition, the Academy generates income through the hire of facilities, selling of uniform, PE kit and sale of in-house catering, which is included within unrestricted funds.

The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

#### Expenditure

The running costs of the Academy have been as expected for the age of the buildings.

The Academy's Support Staff are entitled to membership of the Local Government Pension Scheme. At the year end the Academy's share of the deficit has been assessed as £2,030,000 (2012: £2,014,000).

The Academy will continue to monitor and update its three year financial plan accordingly.

#### Financial and Risk Management Objectives and Policies

The Academy continues to undertake work to further develop systems of internal control, including financial, operational and risk management designed to protect its assets and reputation. The Finance and Staffing Sub-Committee of the Governing Body has a remit to identify and manage risk and has an Academy's risk register which identifies the risks to which the Academy is exposed. This identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy.

The main responsibility for identifying corporate risks lies with the Senior Leadership Team and the Governing Body. Governors will consider both existing risks and think about any new risks. Senior Leadership Team input is important as members are well placed to identify and monitor corporate risks.

Individual managers may also identify risks to their department's aims. Mitigating actions should be identified if the risk is considered serious enough. If it is thought that the risks might be "corporate", again the manager should advise relevant Senior Leadership Team members of this.

All staff have a role in identifying risks.

The Governors have appointed Mr Simon Ireland, Governor, as Responsible Officer (RO). The RO's role includes providing the Governing Body with an on-going independent oversight of the Academy's affairs. The Governing Body seek assurances from the RO that the financial responsibilities of the Governing Body are being properly discharged,

## **CHURCHDOWN SCHOOL**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013**

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resources are managed in an efficient, economical and effective manner, sound systems of internal financial control are being maintained and financial considerations are fully taken into account in reaching decisions.

The RO visits the Academy at least once a quarter and undertakes a series of detailed tests to confirm the operation of the main financial systems. A written report of the checks performed by the RO is then taken to the Staffing and Finance Sub Committee. The checks undertaken follow those suggested in the Academies Financial Handbook.

#### **Reserves Policy**

The policy of the Academy is to carry forward a prudent level of reserves designed to meet the long-term cyclical needs of renewal and any unforeseen contingencies, subject to the constraint that the level of reserves does not exceed the level permitted by the EFA. In addition, that the resources are primarily used to meet the needs of the pupils within the Academy and therefore any reserves are kept under review and are not deemed excessive.

#### **Investment Policy**

Any surplus income is held with the Academy's designated bank accounts with Yorkshire Bank and accrues interest at the designated rate. The Academy does not invest funds elsewhere or enter into any schemes e.g. equity bonds. It does not have sufficient reserves to enter into any long term secured investments.

#### **Plans for Future Periods**

Capital work to the value of £670,000 is currently being spent on re-roofing the Academy.

#### **Funds held as Custodian Trustee on Behalf of Others**

The Academy holds £10,098 (2012: £23,000) on behalf of Gloucestershire Local Authority for Common Assessment Framework for payment of specific uses as locally agreed.

## CHURCHDOWN SCHOOL

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2013

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#### Trustees' Responsibilities in the Preparation of Financial Statements

The Trustees (who act of governors of Churchdown School Academy and are also 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 applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for the 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 judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education 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.

#### Auditor

Hazlewoods LLP having previously been appointed the first auditor to the Academy, has indicated their willingness to continue in office.

#### Disclosure of information to the Auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the board of Trustees on..... and signed on its behalf by:

.....  
**Mr C Evans**  
**Chair of Trustees**

## **CHURCHDOWN SCHOOL**

### **GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013**

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#### **Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Churchdown School Academy 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 Board of Trustees has delegated the day-to-day responsibility to the Head Teacher, 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 the Academy and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### **Governance**

The Academy's organisational structure and framework for governance and management is detailed in the Trustees' Report on pages 3 to 9.

The Governance of the Academy is delegated to four sub committees:

- Curriculum and Community
- Staffing and Finance
- Premises and Site
- Pupils and Parents

Each sub-committee met three times in the year, except the Premises and Site Committee which met twice.

The Curriculum and Community sub-committee agreed Post 16 Curriculum and Key Stage 4 subject choices. They also reviewed the examination results achieved and discussed on-line reporting procedures.

During the year the Staffing and Finance sub committee met to receive the Responsible Officer's reports which had been carried out during the year, reviewed and agreed the academy's financial position and outturn forecasts, confirmed the FMGE return and budget proposals and authorised the Whole Government Accounts return on behalf of the academy. They also discussed various staffing issues.

The Premises and Site Sub Committee reviewed site work carried out throughout the year and agreed future works. They also updated the Health and Safety Policy and reviewed the audit.

The Pupils and Parents Sub Committee met with several pupils throughout the school year to recognise their achievements. Also proposed uniform changes were discussed and other specific pupil and parent matters were addressed.

The Full Board of Trustees met three times during the year to receive the sub committees reports and business. They also received the termly report from the Head Teacher. Trustees throughout the year were thoroughly professional and effective.

#### **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 ongoing process designed to identify and prioritise the risks to the achievement of Academy's 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 the Academy for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

**CHURCHDOWN SCHOOL**

**GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is satisfied that there is a formal ongoing process for identifying, evaluating and managing the Academy'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 Board of Trustees.

**The Risk and Control Framework**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including some 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 Board of Trustees;
- reviews by the Finance Committee 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 some segregation of duties;
- annual review including identification and management of risks.

The Board of Trustees has considered the need for specific internal audit function and has decided not to appoint an internal auditor. However, in November 2011 the Trustees appointed Simon Ireland, a Governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. Three times a year, the RO will report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities.

We confirm that the RO function has been delivered in line with the EFA's requirements. There have been no material control issues arising from the RO's report produced since his appointment to the date of the approval of the financial statements.

**Review of Effectiveness**

As Accounting Officer, Mr S A Packer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

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

.....  
**Mr C Evans**  
**Chair of Trustees**

.....  
**Mr S A Packer**  
**Accounting Officer**

**CHURCHDOWN SCHOOL**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2013**

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As accounting officer of the Churchdown School Academy I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 Board of Trustees are able to identify any material 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 instance of material irregularity, impropriety or funding non-compliance have been discovered to date.

.....  
**Mr S A Packer**  
**Accounting Officer**

.....  
**Date**

## CHURCHDOWN SCHOOL

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCHDOWN SCHOOL ACADEMY FOR THE YEAR ENDED 31 AUGUST 2013

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We have audited the financial statements of Churchdown School Academy for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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 Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Academy Trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities as set out on page 9, the Trustees (who are also the directors of the academy trust 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust'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 ; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

#### **Opinion on other requirements of the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial period for which financial statements are prepared is consistent with the financial statements.

**CHURCHDOWN SCHOOL**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCHDOWN SCHOOL ACADEMY  
FOR THE YEAR ENDED 31 AUGUST 2013**

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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:

- adequate accounting records have not been kept 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.

.....  
**Scott Lawrence (Senior Statutory Auditor)**  
**For and on behalf of Hazlewoods LLP, Statutory Auditor**  
**Cheltenham**

.....  
**Date**

**CHURCHDOWN SCHOOL**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF CHURCHDOWN SCHOOL ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2013**

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**Independent Reporting Accountant's Assurance Report on Regularity to Churchdown School Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 18 September 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 Churchdown School Academy during year 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 Churchdown School Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Churchdown School Academy 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 Churchdown School Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Churchdown School Academy's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Churchdown School Academy's funding agreement with the Secretary of State for Education dated 1 November 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 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.

**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 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.

.....  
**Scott Lawrence (Senior Statutory Auditor)**  
**For and on behalf of Hazlewoods LLP, Statutory Auditor**  
**Cheltenham**

.....  
**Date**

CHURCHDOWN SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)  
FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	Restricted funds			Total 2013 £	Total 2012 £
		Unrestricted Funds £	General £	Fixed Assets £		
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds:</b>						
Voluntary income	3	7,185	-	-	7,185	19,900,707
<b>Incoming resources from charitable activities:</b>						
Activities for generating funds	4	533,018	-	-	533,018	474,963
Funding for the Academy's educational operations	5	-	6,497,187	223,606	6,720,793	5,787,752
<b>TOTAL INCOMING RESOURCES</b>		540,203	6,497,187	223,606	7,260,996	26,163,422
<b>RESOURCES EXPENDED</b>						
<b>Charitable activities:</b>						
Academy's educational operations	6, 7	(464,521)	(6,410,502)	(700,442)	(7,575,465)	(6,069,207)
<b>Governance costs</b>	6, 8	-	(6,000)	-	(6,000)	(14,847)
<b>TOTAL RESOURCES EXPENDED</b>		(464,521)	(6,416,502)	(700,442)	(7,581,465)	(6,084,054)
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
Gross transfers between funds		-	(57,851)	57,851	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		75,682	80,685	(476,836)	(320,469)	20,079,368
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial losses on defined benefit pension schemes	17, 25	-	22,000	-	22,000	(187,000)
<b>NET MOVEMENT IN FUNDS</b>		75,682	44,834	(418,985)	(298,469)	19,892,368
Funds brought forward at 31 August 2012	17	333,761	(1,897,313)	21,455,920	19,892,368	-
<b>FUNDS CARRIED FORWARD AT 31 AUGUST 2013</b>	17, 18	409,443	(1,852,479)	21,036,935	19,593,899	19,892,368

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

No separate statement of total recognised gains and losses has been presented as all such gains and losses are dealt with in the statement of financial activities above.

**CHURCHDOWN SCHOOL**

**BALANCE SHEET  
AS AT 31 AUGUST 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	12	21,036,935	21,287,170
<b>CURRENT ASSETS</b>			
Stock	13	16,812	10,631
Debtors	14	123,428	194,836
Cash at bank and in hand		<u>573,152</u>	<u>843,740</u>
		713,392	1,049,207
<b>LIABILITIES</b>			
	15		
Creditors: Amounts falling due within one year		<u>(126,428)</u>	<u>(430,009)</u>
<b>NET CURRENT ASSETS</b>		586,964	619,198
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>21,623,899</u>	<u>21,906,368</u>
Pension scheme liability	25	(2,030,000)	(2,014,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			
		<u>19,593,899</u>	<u>19,892,368</u>
<b>FUNDS OF THE ACADEMY:</b>			
<b>Restricted funds</b>			
Fixed asset fund	18	21,036,935	21,455,920
General funds	18	177,521	116,687
Pension reserve	18, 25	<u>(2,030,000)</u>	<u>(2,014,00)</u>
<b>Total restricted funds</b>		19,184,456	19,558,607
<b>Unrestricted funds</b>			
	18	409,443	333,761
<b>TOTAL FUNDS</b>			
		<u>19,593,899</u>	<u>19,892,368</u>

The financial statements on pages 16 to 35 were approved by the Trustees, and authorised for issue on .....2013 and are signed on their behalf by:

.....  
**Mr C Evans**  
**Chair of Trustees**

Company Limited by Guarantee  
Registration Number 7773693

**CHURCHDOWN SCHOOL**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

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	<b>Notes</b>	<b>2013 £</b>	<b>2012 £</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	21	(212,737)	921,735
Capital expenditure	23	(57,851)	(77,995)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u>(270,588)</u>	<u>843,740</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
Net funds at 1 November 2012		843,740	-
Cash (outflow)/inflow in the year		(270,588)	843,740
<b>NET FUNDS AT 31 AUGUST 2013</b>	22	<u>573,152</u>	<u>843,740</u>

## 1 Accounting Policies

### Basis of Preparation

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

### Conversion

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £19,896,874 consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Churchdown School to an academy trust have been 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 included within these financial statements. The amounts have been recognised under the appropriate balance sheet categories with a corresponding amount recognised in voluntary income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of conversion are given in note 28.

### 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 Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

### Incoming Resources

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

- **Grants receivable**

Grants are 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. 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.

- **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

- **Donations**

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

**1 Accounting Policies (continued)**

- **Other income**

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

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies. No such donated Services or Gifts in Kind were received this year.

**Resources Expended**

All expenditure is recognised in the period 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 on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

## 1 Accounting Policies (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, as follows:

Freehold buildings	50 years straight line
Freehold land	Nil
Computer equipment	3 years straight line

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.

### Leased Assets

In respect of leases that are operating leases, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

### Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution, are not included in the financial statements until they are sold or distributed.

### Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

### Pensions Benefits

Retirement benefits to employees of the Academy 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.

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 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 25, the TPS is a multi-employer scheme and the Academy 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 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 period 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.

## CHURCHDOWN SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 1 Accounting Policies (continued)

##### Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

#### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes. The academy trust has not exceeded these limits during the year ended 31 August 2013.

#### 3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Fixed Asset £	Total 2013 £	Total 2012 £
Assets and liabilities inherited on conversion:					
- from Local Authority	-	-	-	-	21,629,874
- from Private Funds	-	-	-	-	82,000
Local Government Pension Scheme deficit	-	-	-	-	(1,815,000)
Other donation income	7,185	-	-	7,185	3,833
	<u>7,185</u>	<u>-</u>	<u>-</u>	<u>7,185</u>	<u>19,900,707</u>

#### 4 Activities for Generating Funds

	Unrestricted Funds £	Total 2013 £	Total 2012 £
Income from hire of facilities and services	14,527	14,527	15,717
Catering income	201,749	201,749	163,812
Private Funds Income	299,663	299,663	269,549
Tuition Fees	11,913	11,913	10,732
Other Income	5,166	5,166	15,153
	<u>533,018</u>	<u>533,018</u>	<u>474,963</u>

**CHURCHDOWN SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**5 Funding for Academy's Educational Operations**

	<b>Restricted Funds £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
<b>DfE/EFA revenue grants:</b>			
General Annual Grant (GAG) - see note 2	6,229,729	6,229,729	5,311,754
Other DfE/EFA grants	62,053	62,053	15,779
<b>Other government funding:</b>			
Local Authority grants	205,405	205,405	253,666
Capital allocations	223,606	223,606	206,553
	<u>6,720,793</u>	<u>6,720,793</u>	<u>5,787,752</u>

**6 Resources Expended**

	<b>Staff Costs £000</b>	<b>Non Pay Expenditure</b>		<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
		<b>Premises £000</b>	<b>Other Costs £000</b>		
Academy's educational operations					
- Direct costs	4,775,007	308,086	804,004	5,887,097	4,979,091
- Allocated support costs	667,667	752,703	267,998	1,688,368	1,090,116
	<u>5,442,674</u>	<u>1,060,789</u>	<u>1,072,002</u>	<u>7,575,465</u>	<u>6,069,207</u>
Governance costs including allocated support costs					
	-	-	6,000	6,000	14,847
	<u>5,442,674</u>	<u>1,060,789</u>	<u>1,078,002</u>	<u>7,581,465</u>	<u>6,084,054</u>

The method used for the apportionment of support costs is disclosed in the accounting policies.

	<b>2013 £000</b>	<b>2012 £000</b>
<b>Incoming/outgoing resources for the year include:</b>		
Fees payable to auditor		
Audit	6,000	5,000
Other services	-	-
Profit/(loss) on disposal of fixed assets	-	-
	<u>6,000</u>	<u>5,000</u>

**CHURCHDOWN SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**7 Charitable Activities - Academy's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	4,775,007	4,775,007	3,991,421
Depreciation	-	308,086	308,086	239,699
Educational supplies	-	230,974	230,974	170,180
Examination fees	-	112,383	112,383	149,887
Staff development	-	24,624	24,624	20,251
Educational consultancy	-	112,503	112,503	82,085
Other direct costs	-	57,343	57,343	52,674
Private funds expenditure	266,177	-	266,177	272,894
	<u>266,177</u>	<u>5,620,920</u>	<u>5,887,097</u>	<u>4,979,091</u>
<b>Allocation supported costs</b>				
Support staff costs	-	472,073	472,073	393,801
Technology costs	-	24,625	24,625	-
Maintenance of premises and equipment	-	76,643	76,643	40,643
Capital maintenance	-	392,356	392,356	24,471
Cleaning (inc £81k Salaries)	-	115,164	115,164	89,875
Rent & rates	-	15,516	15,516	13,653
Energy costs	-	108,629	108,629	86,735
Insurance	-	44,395	44,395	47,788
Security and transport	-	21,882	21,882	16,439
Catering (inc £74k Salaries)	198,344	-	198,344	148,527
Pension scheme: other finance expenses (see note 25)	-	76,000	76,000	66,000
Other support costs	-	142,741	142,741	162,184
	<u>198,344</u>	<u>1,490,024</u>	<u>1,688,368</u>	<u>1,090,116</u>
	<u>464,521</u>	<u>7,110,944</u>	<u>7,575,465</u>	<u>6,069,207</u>

**8 Governance Costs**

	Restricted Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	-	8,847
Auditor's remuneration			
Audit of financial statements	6,000	6,000	5,000
Accountancy, taxation and other services	-	-	1,000
	<u>6,000</u>	<u>6,000</u>	<u>14,847</u>

## CHURCHDOWN SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 9 Staff Costs

	2013 £	2012 £
<b>Staff costs during the period were:</b>		
Wages and salaries	4,383,440	3,452,524
Social security costs	323,209	287,283
Pension costs – defined contribution	674,983	566,661
Pension costs – defined benefit	212,000	149,000
	<u>5,593,632</u>	<u>4,455,468</u>
Supply teacher costs	61,043	84,726
	<u>5,654,675</u>	<u>4,540,194</u>

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2013 Number	2012 Number
<b>Charitable Activities</b>		
Teachers	83	80
Administration and support	59	65
Management	7	7
	<u>149</u>	<u>152</u>

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

	2013 Number	2012 Number
£60,001 - £70,000	1	1
£100,000 - £110,000	1	1
	<u>2</u>	<u>2</u>

The two above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £23,749 (2012:£19,316).

#### 10 Trustees' Remuneration and Expenses

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the academy in respect of their role as directors. The value of Staff Trustees' remuneration was as follows:

Headteacher	£100,000-£110,000	(2012: £100,000-£110,000)
Staff Trustee	£45,000-£50,000	(2012: £45,000-£50,000)
Staff Trustee	£25,000-£30,000	(2012: £35,000-£40,000)
Staff Trustee	£20,000-£25,000	(2012: £20,000-£25,000)

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to Trustees.

## CHURCHDOWN SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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#### 11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy 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 and the cost for the year ended 31 August 2013 was £982 (2012 - £982). The cost of this insurance is included in the total insurance cost.

#### 12 Tangible Fixed Assets

	Freehold Land and Buildings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 November 2012	21,448,874	77,995	21,526,869
Additions	-	57,851	57,851
At 31 August 2013	<u>21,448,874</u>	<u>135,846</u>	<u>21,584,720</u>
<b>Depreciation</b>			
At 1 November 2012	228,866	10,833	239,699
Charged in year	274,638	33,448	308,086
At 31 August 2013	<u>503,504</u>	<u>44,281</u>	<u>547,785</u>
<b>Net book values</b>			
At 31 August 2013	<u>20,945,370</u>	<u>91,565</u>	<u>21,036,935</u>
At 31 August 2012	<u>21,220,008</u>	<u>67,162</u>	<u>21,287,170</u>

The cost of freehold land and buildings transferred on conversion is the Trustees' best estimate of the market value of land and buildings acquired by the School from the LEA. The cost includes an estimate for the value of the various school buildings and attributable land including playing fields based on a valuation on an existing use basis carried out by Oliver Saunders (MRICS) of Drivers Jonas Deloitte on 31 August 2012, together with an estimate for the value of land considered by the Trustees to be surplus to the requirements of the School based on previous offers made by third parties for that land. The cost of £21,448,874 includes £7,716,939 of land which is not depreciated.

**CHURCHDOWN SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**13 Stock**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Uniform	14,344	6,688
PE Kit	2,468	3,943
	<u>16,812</u>	<u>10,631</u>

**14 Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	37,354	72,348
VAT recoverable	63,652	27,213
Prepayments	700	10,900
Other debtors	21,722	84,375
	<u>123,428</u>	<u>194,836</u>

**15 Creditors: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	48,689	79,517
Taxation and social security	26,771	187,722
Other creditors	18,302	42,212
Accruals and deferred income (see note 16)	32,666	120,558
	<u>126,428</u>	<u>430,009</u>

**16 Deferred income**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Deferred Income at 1 September 2011	93,776	-
Resources deferred in the year	12,666	93,776
Amounts released from previous years	(93,776)	
Deferred Income at 31 August 2012	<u>12,666</u>	<u>93,776</u>

At the balance sheet date the academy was holding funds received in advance for Music Tuition Fees booked for the autumn term 2013 totalling £2,568 and £10,098 of CAF Funding deferred to 2013/14 (2012: £22,787). Also included in the 2012 figure is £70,989 related to the rebasing of pupil numbers for the January 2012 Census which resulted in a reduction of GAG which was adjusted in 2012/13.

CHURCHDOWN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013

17 Funds

	Balance at 31 August 2012 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2013 £
<b>Restricted general funds</b>					
General Annual Grant	(65,686)	6,229,729	(6,097,945)	(57,851)	8,247
Start Up Grant	11,347	-	(11,347)	-	-
Other DfE/YPLA grants	6,932	62,053	(28,968)	-	40,017
Other Grant Funding	164,094	205,405	(240,242)	-	129,257
	<u>116,687</u>	<u>6,497,187</u>	<u>(6,378,502)</u>	<u>(57,851)</u>	<u>177,521</u>
Pension reserve	(2,014,000)	-	(38,000)	22,000	(2,030,000)
	<u>(1,897,313)</u>	<u>6,497,187</u>	<u>(6,416,502)</u>	<u>(35,851)</u>	<u>(1,852,479)</u>
<b>Restricted fixed asset funds</b>					
DfE/YPLA capital	168,750	223,606	(392,356)	-	-
Tangible Assets	21,209,175	-	(308,086)	-	20,901,089
Capital Expenditure from GAG	77,995	-	-	57,851	135,846
	<u>21,455,920</u>	<u>223,606</u>	<u>(700,442)</u>	<u>57,851</u>	<u>21,036,935</u>
<b>Total restricted funds</b>	<u>19,558,607</u>	<u>6,720,793</u>	<u>(7,116,944)</u>	<u>22,000</u>	<u>19,184,456</u>
<b>Unrestricted funds</b>	<u>333,761</u>	<u>540,203</u>	<u>(464,521)</u>	<u>-</u>	<u>409,443</u>
<b>Total funds</b>	<u>19,892,368</u>	<u>7,260,996</u>	<u>(7,581,465)</u>	<u>22,000</u>	<u>19,593,899</u>

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses that this limit was not exceeded.

18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £	Restricted Funds General £	Restricted Funds Fixed Asset £	Total Funds £
Assets	-	-	21,036,935	21,036,935
Current assets	409,443	303,949	-	713,392
Current liabilities	-	(126,428)	-	(126,428)
Pension scheme liability	-	(2,030,000)	-	(2,030,000)
<b>Total net assets</b>	<u>409,443</u>	<u>(1,852,479)</u>	<u>21,036,935</u>	<u>19,593,899</u>

CHURCHDOWN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013

**19 Capital commitments**

	<b>2013</b>	<b>2012</b>
	£	£
Contracted for, but not provided in the financial statements	<u>449,390</u>	<u>-</u>

On-going capital maintenance project on the school roof funded by grant income from the EFA.

**20 Financial commitments**

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows:

	<b>2013</b>	<b>2012</b>
	£	£
<b>Other</b>		
Expiring within two and five years inclusive	<u>13,060</u>	<u>13,060</u>

**21 Reconciliation of net income to net cash inflow from operating activities**

	<b>2013</b>	<b>2012</b>
	£	£
Net income	(320,469)	20,079,368
Depreciation (note 12)	308,086	239,699
Impact of transfer on conversion	-	(19,633,874)
FRS 17 pension cost less contributions payable (note 25)	(38,000)	(54,000)
FRS 17 pension finance expense (note 25)	76,000	66,000
(Increase)/decrease in stocks	(6,181)	(10,631)
(Increase)/decrease in debtors	71,408	(194,836)
Increase/(decrease) in creditors	(303,581)	430,009
<b>Net cash inflow from operating activities</b>	<u>(212,737)</u>	<u>921,735</u>

**22 Analysis of changes in net funds**

	<b>At</b>	<b>Cash flows</b>	<b>At</b>
	<b>31 August</b>		<b>31 August</b>
	<b>2012</b>	<b>£</b>	<b>2013</b>
	£		£
Cash in hand and at bank	<u>843,740</u>	<u>(270,588)</u>	<u>573,152</u>

**23 Capital expenditure and financial investment**

	<b>2013</b>	<b>2012</b>
	£	£
Purchase of tangible fixed assets	<u>(57,851)</u>	<u>(77,995)</u>

## 24 Members' Liability

Each member of the Academy 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.

## 25 Pension commitments

The Academy'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. 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 amounting to £26,771 (2012: £81,704) were payable to the schemes at 31 August and are included within creditors.

### Teachers' Pension Scheme

#### *Introduction*

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### *The Teachers' Pension Budgeting and Valuation Account*

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### *Valuation of the Teachers' Pension Scheme*

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 review, 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.

## 25 Pension Commitments (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions 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 that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

### ***Teachers' Pension Scheme Changes***

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Academy has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the Academy's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the statement of financial activities.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

**25 Pension Commitments (continued)**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**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 2013 was £390,000, of which employer's contributions totalled £250,000 and employees' contributions totalled £59,000. The agreed contribution rates for future years are 26.8% for employers and between 5.5% and 7.5% for employees.

The major assumptions used by the actuary were:

	<b>At 31 August 2013</b>	<b>At 31 August 2012</b>
Rate of increase in salaries	4.6%	4.0%
Rate of increase in pensions in payment	2.8%	2.2%
Discount rate	4.6%	4.1%
Inflation assumption - retail price index	3.6%	3.0%
- consumer price index	<u>2.8%</u>	<u>2.2%</u>

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

	<b>At 31 August 2013</b>	<b>At 31 August 2012</b>
Retiring today -		
Males	21.7 years	21.7 years
Females	23.6 years	23.6 years
Retiring in 20 years -		
Males	23.5 years	23.5 years
Females	<u>25.8 years</u>	<u>25.8 years</u>

The assets in the scheme and the expected rate of return were:

	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>
Equities	6.60%	812,000	5.50%	444,000
Bonds	3.80%	226,000	3.30%	187,000
Property	4.70%	68,000	3.70%	42,000
Cash	3.60%	<u>23,000</u>	2.80%	<u>21,000</u>
Total market value of assets		1,129,000		694,000
Present value of scheme		<u>(3,159,000)</u>		<u>(2,708,000)</u>
Deficit in the scheme		<u>(2,030,000)</u>		<u>(2,014,000)</u>

25 Pension Commitments (continued)

Total expenditure recognised in the Statement of Financial Activities	Period Ended 31 August 2013 £	Period Ended 31 August 2012 £
<b>Amounts recognised in the statement of financial activities:</b>		
Current service cost charged as staff costs	212,000	149,000
Total operating charge	<u>212,000</u>	<u>149,000</u>
<b>Analysis of pension finance (income)/costs:</b>		
Expected return on assets	(40,000)	(24,000)
Interest on liabilities	116,000	90,000
Other finance expense	76,000	66,000
<b>Total Pension costs</b>	<u>288,000</u>	<u>215,000</u>

The actual gains and losses for the current year are recognised in the statement of financial activities.

**Movements in the present value of defined benefit obligations were as follows:**

	2013 £	2012 £
<b>At 1 September</b>	2,708,000	-
<b>Opening defined benefit liabilities at 1 November 2011</b>	-	2,213,000
Current service cost	212,000	149,000
Past service cost	-	-
Interest cost	116,000	90,000
Employee contributions	59,000	48,000
Actuarial (gain)/loss	64,000	208,000
<b>At 31 August</b>	<u>3,159,000</u>	<u>2,708,000</u>

**Movements in the fair value of Academy's share of scheme assets:**

	2013 £	2012 £
<b>At 1 September</b>	694,000	-
<b>Opening fair value of plans' assets at 1 November 2011</b>	-	398,000
Expected return on assets	40,000	24,000
Actuarial gain/(loss)	86,000	21,000
Employer contributions	250,000	203,000
Employee contributions	59,000	48,000
<b>At 31 August</b>	<u>1,129,000</u>	<u>694,000</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £245,406

## CHURCHDOWN SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 25 Pension Commitments (continued)

	2013 £	2012 £
<b>Reconciliation of the movement in scheme deficit over the period:</b>		
Deficit/surplus in scheme at the beginning of the period	(2,014,000)	-
Upon conversion to academy status	-	(1,815,000)
Movements in year:		
Current service cost	(212,000)	(149,000)
Employer contributions	250,000	203,000
Other finance expenses	(76,000)	(66,000)
Actuarial gain/(loss)	22,000	(187,000)
Deficit in scheme at the end of the period	<u>(2,030,000)</u>	<u>(2,014,000)</u>

#### The three-year history of experience adjustments is as follows:

	2013 £	2012 £	2011 £
<b>Present value of defined benefit obligations</b>	(3,159,000)	(2,708,000)	(2,213,000)
<b>Fair value of share of scheme assets</b>	1,129,000	694,000	398,000
<b>(Deficit) in the scheme</b>	<u>(2,030,000)</u>	<u>(2,014,000)</u>	<u>(1,815,000)</u>
<b>Experience adjustments on share of scheme assets</b>	<u>86,000</u>	<u>21,000</u>	-

#### 26 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors 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 governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year the Academy made purchases of £374 from Dundry Nurseries, a business owned by Mr Christopher Evans, a Trustee.

#### 27 Funds Held as Custodian

Churchdown School Academy holds funds on behalf of the Local Authority for children with Common Assessment Framework. At the balance sheet date, £10,098 (2012: £22,786) of cash was held as custodian.

## CHURCHDOWN SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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#### 28 Conversion to an Academy Trust

On 1 November 2011, Churchdown School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Churchdown School Academy from the Gloucestershire Local Authority for £19,896,874 consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activity as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestrict ed Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total £
<b>Tangible fixed assets</b>				
- Freehold and leasehold land and buildings	-	-	21,448,874	21,448,874
LGPS pension surplus / (deficit)	-	(1,815,000)	-	(1,815,000)
Other identified assets and liabilities	263,000	-	-	263,000
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets / (liabilities)</b>	<u>263,000</u>	<u>(1,815,000)</u>	<u>21,448,874</u>	<u>19,896,874</u>

The above net assets include £463,722 that was transferred as cash.