

Bungay High School

Report and Financial Statements for the period ended 31 August 2012

A Company limited by guarantee
Company Registration Number 07698578

Contents	Page
Reference and Administrative Details	3
Governors' Report	4 to 10
Governance Statement	11 to 13
Statement on regularity, propriety and compliance	14
Statement of Governors' Responsibilities	15
Independent Auditor's Reports	16 to 18
Statement of Financial Activities incorporating Income & Expenditure Account	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	22 to 24
Other Notes to the Financial Statements	25 to 40

Reference and Administrative Details of the Academy, its Governors and Advisors

Governors

* = members of the Finance Committee

Sean O'Neill (Member, Headteacher & Accounting Officer)

9 Appointed by members

Zoe Sprake (Chair) (Member)*

Mary Greenwood

(Vice Chair) (Member)*

Brian Cloke (Member)*

Roger Allen*

Anne Rickwood

Ann Wilkinson

Simon Linger*

Christine Johnson

(Responsible Officer)

Revd Ian Byrne

4 Elected Parents

Roy Excell

Philip Love (Resigned)

Ian Newton*

Leonard Saunders

1 LA Appointment

Maureen Davies

3 Elected Staff

Tim Hughes (Resigned)

Nathan Brunsdon*

Barbara Charlish*

Andrew Barker

2 Co-opted by Governors

Marilyn Richardson (appointed

1/9/12)

Hilary Mason (appointed 22/11/12)

Company Secretary

Lynn Eldrett

Senior Management Team

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Director of Finance

Sean O'Neill*

Catherine Wiltshire

Mark Attenburrow

Dr Mike Jenkins

Dr Louise Metcalfe

Stella Mackenzie

Clint Gillett

Lynn Eldrett

Principal and Registered Office

Queens Road, Bungay,

Suffolk NR35 1RW

Company Registration Number

07698578 (England & Wales)

Auditors

Crowe Clark Whitehill LLP

Carrick House,

Lypiatt Road,

Cheltenham, GL50 2QJ

Bankers

Lloyds TSB

19 Hall Quay

Great Yarmouth

Norfolk NR30 1HH

Solicitors

Eversheds LLP

1 Wood Street

London EC2V 7WS

Governors' Report

The Governors present their annual report together with the financial statements and auditor report of the charitable company for the 13 month period ended 31 August 2012.

The financial statements have been prepared in accordance with the accounting policies on pages 22 to 24 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2000 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005).

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of Bungay High School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Bungay High School and it opened as an Academy on 1st August 2011.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

Each member of the Charitable Company 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.

Governors' Indemnities

Governors Liability insurance is purchased to a limit of £2,000,000.

Principal Activities

Bungay High School Academy Trust is an age 13 to 18 mixed comprehensive high school, specialising in science. The purpose and object of the Academy is to advance education in the United Kingdom for the public benefit, in particular but without prejudice, by establishing, maintaining, carrying on, managing and developing an Academy offering a broad and balanced curriculum. This is as defined in the Memorandum of Association dated 8th July 2011.

Bungay High School (BHS) is an inclusive Academy and ensures that students with special educational needs (SEN) are admitted on an equal basis, in accordance with its admissions policy. Bungay High School has an Outstanding Ofsted rating with excellent results and a wide curriculum offer, including a range of vocational courses. It also makes provision for the benefit of the wider community through provision of educational facilities and services and conducts research into new techniques in education which it shares with members of the education sector. (See <http://www.bungayhigh.co.uk/wp-content/uploads/2012/10/ofsted2011.pdf>)

The income and property of the Academy Trust are applied solely towards the promotion of the above object.

Method of Recruitment and Appointment or Election of Governors

The management of the company is the responsibility of the Governors who are appointed under the terms of the Articles of Association. (See list on page 3).

Governors are subject to retirement after a term of 4 years. After the term they may, if still eligible, be reappointed or re-elected.

All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be informal and tailored specifically to the individual.

Governors' Report (continued)Policies and Procedures Adopted for the Induction and Training of Governors

New Governors meet with the Chair and/or Vice-Chair, to discuss the role in general and any specific skills they feel they have to offer.

Safeguarding is paramount and any new Governor must have or undergo an up-to-date CRB certificate (this to be entered on the Academy's central record). All Governors received Safeguarding training during the period ending August 2012.

Details and background are given regarding the Academy and its staff. The Induction Pack is discussed and considered and Governors also receive guidance on visiting the Academy. As stated above, induction is tailored to the individual; their needs in terms of training are considered and these may be met by the Local Authority training programme, particularly the course entitled, 'How Do I Start?' Other courses are suggested / recommended as appropriate. New Governors are also assigned a mentor for closer contact, advice and guidance, although in general any of the more experienced Governors are very willing to give support. New Governors are encouraged in the first instance to join either the Care and Achievement Committee or the Teaching and Learning Committee, as these are the main working committees and enable a new Governor to quickly get involved and get to know the workings of the Academy. Membership of other committees, particularly the Finance Committee, will depend on the relevant experience. Where necessary induction will provide training on charity and educational legal and financial matters. The Academy Trust continues to procure Governor Training services from CSD, the Local Authority provider. Governors fill in a self-evaluation form to keep a record of their expertise, training and areas of interest.

During the period under review the full Governing Body and the Finance Committee each held 6 meetings, with committee meetings being held as required or as stated in their Terms of Reference.

Organisational Structure

The management structure consists of three levels; the Governors, Governing Body Committees and the Leadership Team. The organisation of the Governing Body and its delegated powers are detailed in their Scheme of Management Delegation that is reviewed annually.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. Committees of the Governing body have delegated responsibilities. Details are set out in the Scheme of Management Delegation.

Committees:

Admissions Committee

Appeals Committee

Care and Achievement Committee

Discipline/Hearings Committee

Finance Committee

Personnel, Salaries and Conditions Committee

Premises, Health and Safety Committee

Pupil Discipline Committee

Member's Steering Committee

Teaching and Learning Committee

Groups of Governors may be formally or informally organised outside of the sub-committee structure to support the Academy as required, for example for the Performance Management of the Headteacher.

The Senior Management Team consists of the Headteacher, Deputy Headteacher, 5 Assistant Headteachers and the Finance Director (see list on page 3). Two Assistant Headteachers are new appointments in preparation for the addition of two additional year groups of students and the resultant reorganisation of the Academy. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Headteacher is the Accounting Officer.

Risk Management

The Governors 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 Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying, safeguarding, ICT, HR and Academy trips) and in relation to the

Governors' Report (continued)

control of finance on an on-going basis. They have introduced systems, including operational procedures (eg vetting of new staff and visitors, supervision of Academy grounds, and an electronic security system) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Christine Johnson, a Governor as Responsible Officer (RO) from 1st September 2012. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. To assist with this role Governors have procured the Responsible Officer Support Service from CSD. On a quarterly basis CSD undertake an independent review of the financial systems and giving a written report providing feedback on how the Academies Financial affairs are being discharged. The appointed RO Governor then presents this report back to all Governors, and has access to the Academy's financial management system. The report includes action points identifying any areas for improvement. The Academy has received RO Reports noting scores of; visit 1 92%, visit 2 100%, visit 3 98% and visit 4 100%. In addition, the Academy submitted the FMGE return to the EFA on 14th December 2011. The self-assessed overall rating was reviewed and accepted as "good". Standards are maintained with on-going finance training through the National College for School Leadership and CSD, also membership of ASCL and the Finance Directors Forum.

These factors provide the Governing body with assurance that:-

- the financial responsibilities of the governing body are being properly discharged;
- resources are being 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.

These arrangements can provide only reasonable and not absolute assurance that assets are safe guarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. In addition, the Academy purchases money and fidelity guarantee insurance, and "key man" assurance in respect of the Finance Director.

Connected Organisations, including Related Party Relationships

Bungay High School worked in a Soft Federation with Halesworth Middle School, one of our feeder Middle Schools which closed on 20th July 2012 due to the change to two tier education in Suffolk. Halesworth Middle funded one afternoon a week of the Headteacher's time to act as Executive Headteacher, and this worked well to aid a smooth transition and closure of the school.

Bungay High School is part of the North Suffolk Skills Centre (NSSC) group, a partnership covering four other schools (Sir John Leman High School, Leiston High School, Stradbroke High School and Lowestoft College) providing vocational education in a purpose-built facility on the site of the Halesworth Middle school. This is known as the North Suffolk 14 to 19 Partnership. Funding for the NSSC building was secured by Bungay High School 6 years ago, and since then the Centre has provided vocational courses which selected years 10 and 11 students, plus VI Form Engineering students attend one day a week. Teaching is facilitated by Lowestoft College and the costs are shared between the schools.

The Academy is part of a partnership of the same schools offering Diploma courses, some of which are held at the NSSC and also Society, Health and Development which is held at the individual schools and for which Sir John Leman High School is the banker school. In addition the Partnership has gained grants as follows:

- NSSC/Magnox Energy Project
- Information and Guidance work
- HYPHOP Project
- Pathways to Education
- Information and Guidance

(see other notes to the financial statements note 6).

The Academy makes provision for training student teachers through the GTP, PGCE and ITT UEA systems, and carries out externally funded project work as follows:

- Activities for All with Suffolk County Council
- Writing in Science with Suffolk County Council
- Aimhigher with the Higher Education Funding Council

(see other notes to the financial statements note 6)

Governors' Report (continued)Objectives

Bungay High School's object is set out in the Company's Articles of Association. Its mission statement is "Opportunity Aspiration and Excellence for All" and this is reflected in the teaching and learning which encompasses a very wide curriculum and inclusive approach. The Academy recognises that all students have special skills, abilities and aptitudes and all have an entitlement to access a broad, challenging and appropriate curriculum. Every student is also entitled to experience a variety of teaching and learning styles which enable them to achieve their full potential. The Academy aims, through successful teaching and learning, to develop the whole child and to enable our students to become lifelong learners.

The Ofsted report of June 2011 states:

"This is an outstanding school which has continued to improve over the last few years. Students enjoy school very much and feel safe and very well cared for. The outstanding curriculum, coupled with excellent support, provides a wide range of opportunities in this rural setting."

Since becoming an Academy, Bungay High School has built on these standards and aims in fulfilling its objectives to provide education facilities and services to our students and the wider community for the public benefit. The Academy has worked to share best practice in both teaching and learning and in school management by leading in partnership working, for example via the Suffolk Academies Consortium, the North Suffolk 14-19 Partnership, and Suffolk Schools Forum. The Senior Management Team continue to set strategic aims through the School Improvement Plan and these aims are monitored closely by Governors.

The Academy is also committed to developing staff potential, and in this period benefits have included that promotion opportunities due to the expansion of the Academy have mainly been from within existing staff, (both support staff and teachers). In addition to the main educational purpose, the Academy is also a center of our rural community for sporting facilities and leisure activities. These are facilitated so that the Academy charges sufficient income to cover expenses only, for example by using VI Form students to staff the Sports Centre in the evenings.

Strategies and Activities

Bungay High School converted to Academy status on 1 August 2011, whilst Suffolk Local Authority (LA) was going through the process of the School Organisational Review (SOR) changing the structure of the education provision in Suffolk from a three tier to a two tier system. This changed the Academy from age range 13-18 to 11-18 from 1 September 2012. This was to have coincided with Building Schools for the Future and a new build for the school, but funding was not available. Instead Suffolk LA has leased the Academy the former nearby middle school building. The aim over the period end to 31st August 2012 has been to implement plans to incorporate the additional year groups on the main site, and to relocate 260 VI Formers to the former nearby Bungay Middle School site, in readiness for the September 2012 start date. Students from the new year groups 7 and 8 joined on 9 July 2012 to aid transition. This was funded by a grant from the LA, gifted teaching resources from the closing middle schools, a donation towards student transport costs from Halesworth Middle School, employing some new staff (NQTs and support staff) in the summer term of 2012, and by loan of the middle school staff contracted to begin work for the Academy from 1 September 2012. (see other notes to the financial statements note 6). This approach was successful and popular with students and parents.

This structural change has presented a challenge which has occupied staff fully over the last year, working closely with staff from the closing feeder middle schools, plans have encompassed: creation of a new staffing structure, staff recruitment, extensive out-of-catchment travel plans, curriculum planning and resourcing, and refurbishment/alteration of both buildings. To aid transition, the Academy changed to vertical tutor groups for years 7 to 11 and a house system of four houses providing pastoral support. Wherever possible BHS has recruited new staff from the middle schools, although in many cases this has created an expensive model, the strategy is to provide the best quality teaching and knowledge of the new student groups. Capital changes have involved increasing infrastructure capacity in the main site: toilets, dining and catering facilities, bus and car parking, PE teaching and changing space, new house offices, science prep room extensions. To convert the middle school into a Sixth Form Centre, capital improvements included in the period were; access work, new windows, new catering facilities, new bus and staff car parking facilities, expansion and refurbishment of the toilets, replacement doors, flooring, redecoration throughout and substantial IT improvements. These improvements were funded by LA grants totalling £422,244 including the Academy contributing 5 year's DFC and the balance of our 2010/11 Devolved Formula Capital. This was a tight budget which was carefully planned and monitored. The LA agreed to grant a licence to the lease of the former middle school building for the August summer holiday, enabling the Academy to complete alterations before the new VI Form Centre opened.

Student numbers are currently 726 to Year 11, plus 256 in the VI Form. Agreement from the DfE/EFA was obtained to increase numbers to the site limit of 1050 for years 7 to 11, with a PAN of 210 from September 2012 and a VI Form of up to 300. Maintaining numbers at close to the limits is important to the Academy's medium term financial aims. BHS is pursuing a policy of marketing for both main school and VI Form, and providing assistance with out of catchment travel to maintain and build on the current high levels of students who choose specifically to join Bungay High School Academy. This is aided by excellent results and reputation locally, and this cycle of success and growth enables the Academy to provide the best resources for learners.

Governors' Report (continued)

In addition to this substantial change programme, this was the first year for Bungay High School as an Academy therefore activities included extensive changes to governance, financial and administrative functions. New policies and systems were created for: finance including monitoring, auditing, compliance with VAT and preparation for annual reporting for period end. In moving away from the LA systems and procurement the Academy set up new contracts for services and went out to tender on large contracts securing greatly improved value and efficiencies, particularly in areas such as Planned Preventative Property Maintenance, Broadband provision and Cleaning contracts. BHS has always achieved excellent value for money, and has outsourced from the LA wherever this is advantageous, however becoming an Academy has given far greater scope as receiving the LACSEG directly means a far greater percentage of income available for teaching and learning. This advantage is countered by the additional reporting, legal and financial work involved.

Public Benefit

In line with the Academy's objective to provide education services for the public good, Bungay High School strives to improve standards and quality of teaching and learning. The Academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self-evaluation, data analysis and action planning.

The Governors confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have regard to public benefit guidance published by the Charity Commission of England and Wales.

Achievements and Performance

The Academy Trust is in its first period of operation. The Academy was rated as Outstanding by Ofsted in June 2011, having been previously rated as Good.

- Attainment on entry is just below the national average. However, standards at Key Stage 4 have risen year on year and, in 2010, were very high.
- The proportion of students achieving five or more higher grades in their GCSEs was significantly above the national average, with extremely strong performance in English, Mathematics and Science, the Academy's specialist subject.
- All other major measures of progress and attainment at Key Stage 4 are now significantly above average.

Bungay High School	2012	2011	2010	2009	2008
Percentage achieving 5+ A*-C GCSEs (or equivalent) including English and maths GCSEs (5ACEM)	52%**	65%	70%	52%	49%

**As you can see from the 2012 figure, we had expected to achieve the same as last year approximately 65%, this cannot be confirmed owing to appeals to AQA and OFQUAL at a national level over the marking of the English Language papers. Having predicted the high 70%+ grades gained in previous years, this year's pass of 52%, appears to confirm that pass marks were set unreasonably high. Maths continued to achieve well above the national average. The A level results continue to show a positive outcome with A level students achieving the target set last year.

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.

Key Financial Performance Indicators

Bungay High School converted to Academy status on 1 August 2011 a school rated "Outstanding" by OFSTED in June 2011. The total number of students on role in the period ended 31st August 2012 numbered 982 From 1 September 2012 the Academy has a PAN (Pupil Admissions Number) for each year of 210 from 1 September 2012.

Financial Review

The Academy received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during the 13 month period to 31st August 2012.

Restricted General Funds

The majority of the Academy's income was received through Education Funding Agency (EFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Academy's charitable activities, its

Governors' Report (continued)

educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £5,457,784; expenditure against the fund was £5,287,487, giving a restricted revenue fund carry forward of £170,297 after transfers from the Restricted Fixed Fund. £154,916 closing balance transfer from Bungay High School, the predecessor school is within income on Restricted Funds.

Unrestricted Funds

Income received into the Unrestricted Fund was £337,494. Expenditure against the fund was £295,027 for the period, giving an Unrestricted Fund carry forward of £42,467.

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Academy's depreciation policy.

Income received into the fund included the value of the predecessor school's assets at £13,614,234, Academies Capital Maintenance Funding, Local Authority Capital Grants for School Organisational Review and Formula Capital Funding of £715,765. The Academy has been in receipt of capital grants from the EFA through the bid process for Capital Maintenance Fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2012 the net book value of fixed assets was £13,718,759 (including buildings valued at £13,500,000 on a 124 year lease) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The SOFA details a £13,945,975 Restricted Fixed Asset Fund period end surplus after transfers between funds. This is detailed in note 17 to the accounts.

Summary of Financial Performance

Total fund balance as at 31st August 2012 was £13,756,739 comprised of:
 £42,467 Unrestricted Funds
 £170,297 Restricted General Funds
 £13,945,975 Restricted Fixed Asset Funds
 Restricted Pension Reserve deficit of (£402,000).

Financial and Risk Management Objectives and Policies

The objective of the Academy's Risk Management procedure is to identify the principal risks facing the Academy so that existing controls may be considered and further action taken if required, including external insurance.

The Board of Directors has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The financial risks considered include: economic / financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial / statutory requirements.

The valuation of the defined benefit pension scheme as at 31st August 2012 is a liability of £402,000. On the Balance Sheet, this is offset by Academy's reserves.

Principal Risks and Uncertainties

The Academy Trust has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

Reserves Policy

The Academy Trust recognises the change in rationale and the nature of reserves which followed conversion from an LA run school. The purposes of reserves are to ensure the Academy operates as a going concern, and that it can provide sufficient working capital, cover unforeseen eventualities in line with risk management recommendations, and ensure capital maintenance both in the current financial year and in future years. The Academy will achieve this by building

Governors' Report (continued)

unrestricted funds and retaining income which is unrestricted as far as possible. Over the next two years this will be possible, as the Academy is likely to be full and funding is not set to reduce by more than 1.5% per student.

At the end of the first period, the Academy's free reserves are £42,467 plus Restricted General Funds of £170,297. The medium term plans are based on a summary using the limit of GAG carry-forward of 2% for revenue, although the Academy is currently negotiating with the EFA to have this restriction removed from the Funding Agreement. It is the intention of the Governors to increase free reserves to £200,000 in 2013 and £230,000 in 2014, taking into account the increase in student numbers and the change in formula funding which applies from 2013. The reserves policy is reviewed annually.

Investment Policy

Investment of surplus funds into a higher interest account is approved by Governors and monitored by the Finance Director. The objective is to hold funds at low risk. The Academy does not have any endowment funds.

Plans for Future Periods

Bungay High School strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The Academy believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities. Specifically, the Academy plans to embed the changes from School Organisational Review and to make provision for the forthcoming change in school leaving age by expanding VI Form curriculum.

Funds held as Custodian Trustee on behalf of others

Neither Bungay High School or the Board of Directors are acting as third party custodial trustees.

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors 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.

The auditors, Crowe Clark Whitehill, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the members of the Governing Body on 4 December 2012 and signed on its behalf by:

Signed

Zoe Sprake
Chair of Governors

Governance Statement**Statement of Internal Control**

This statement relates to the Academy Trust accounts for **Bungay High School** for the 13 months from *1 August 2011 to 31 August 2012*

1. The governing body is responsible for ensuring that Bungay High School:

- keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the Academy . Accounts records have been drawn up in accordance with the EFA guidelines Accounts Direction 2010/11.
- has created an effective and appropriate system of control based on Capita SIMS.FMS software and guidance from CSD and auditors Crowe Clark Whitehill. This system is designed to minimize and manage risk, it provides only reasonable and not absolute assurance against material misstatement or loss.
- maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the Academy and ensure they are used cost effectively and in line with the Finance Policy.

2. Our review of the effectiveness of the systems of internal control is informed by:

- Regular scrutiny by the Governors, particularly the Finance Committee, of financial and other performance monitoring data, with monthly Revenue and Capital financial reports from the Finance Director triangulated against bank statements and FMS data.
- Responsible Officer Reports dated 30/11/11, 28/2/12, 20/4/12 and 12/7/12 giving summary scores of 92%, 100%, 98% and 100% respectively.
- EFA review of FMGE return dated 14/12/11 confirmed self-assessment as “good”.
- Use of effective recruitment and training procedures for finance staff and Governors which are appropriate for a large Academy, with support brought in as required (10 days accountancy support from CSD in 2011/12).
- External audit of the first periods financial statements during Autumn term 2012.
- Finance staff membership of appropriate forums so that information and best practice can be shared with other Academy Trusts and ensure that opportunities to gain additional grant income are maximised.

3. Capacity to Handle Risk

- The Governing Body has reviewed the risks to which the Academy is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. This is summarised in the Risk Matrix which is up-dated on an on-going basis and reviewed annually by the Finance Committee.
- Procedures include appropriate staffing levels in the Finance Department to ensure segregation of duties, a system of delegation and accountability.
- The Finance Policy provides clear guidance on purchasing and procurement procedures, these are circulated to all staff via the handbook and the Finance Director ensures compliance.
- Governors scrutinise the Medium Term Financial plans which are up-dated regularly and monitor financial risk in line with changing circumstances.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed a member of the Main Governing Body (C Johnson, an accountant) as Responsible Officer (RO). This role includes access to the Academy management systems so that checks can be performed as required. The RO function has been performed in line with EFA guidelines and there are no material issues arising from the reports.

Governors Statement (continued)**4. Review of Effectiveness**

5. As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During this period, the review has been informed by:
- The RO Reports
 - The External Auditor
 - The financial management and governance self assessment process
 - The work of the Finance Director of the Academy who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of this review of the system of internal control by the Finance Committee. There are no material weaknesses currently to address, however this is under on-going review and continuous improvement of the system is the aim as the Academy progresses to its second year.

Scope of Responsibility

The Governing Body accepts overall responsibility for ensuring that Bungay High 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 Headteacher, 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 Bungay High School and the Secretary of State for Education. The Accounting Officer 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 Report of the Governors and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the period. Attendance during the period at meetings of the Governing Body was:

Governors	Attended	Of a possible
Sean O'Neill (Member)	6	6
Zoe Sprake (Chair and Member)	6	6
Mary Greenwood (Vice Chair and Member)	3	6
Brian Cloke (Member)	3	6
Roger Allen	4	6
Anne Rickwood	4	6
Ann Wilkinson	6	6
Simon Linger	6	6
Christine Johnson (Responsible Officer)	4	6
Revd Ian Byrne	4	6
Roy Excell	5	6
Philip Love	3	6
Ian Newton	4	6
Leonard Saunders	5	6
Maureen Davies	5	6
Nathan Brunsdon	5	6
Barbara Charlish	5	6
Andrew Barker	5	6

Governors' Report (continued)

The Finance Committee is a sub-committee of the main Governing Body. During the period, the Committee met 7 times. Attendance at meetings in the period was as follows (the Headteacher being absent at a short meeting to agree his pay):

Governors	Attended	Of a possible
Sean O'Neill (Headteacher)	6	7
Zoe Sprake	7	7
Mary Greenwood (Vice Chair)	4	7
Brian Cloke (Chair)	6	7
Roger Allen	6	6
Simon Linger	3	6
Ian Newton	4	6
Nathan Brunsdon	2	6
Barbara Charlish	6	6

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 Bungay High School for the period ended 31 August 2012 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's significant risks that has been in place for the period ending 31 August 2012 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

Bungay High School'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 Finance and Personnel 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 guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

Approved by order of the members of the Governing Body on 4th December 2012 and signed on its behalf by:

Zoe Sprake
Chairman

Sean O'Neill
Headteacher and Accounting Officer

Statement on regularity, propriety and compliance

As accounting officer of Bungay High Academy Trust 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 Academy trust governing body are able to identify and 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 Academies Financial Handbook.

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

(Signed) _____ Dated 04/12/2012

(Headteacher)

Mr S O'Neill

Accounting Officer

Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of Bungay High School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governor's report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standard (UK Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 period. In preparing these financial statements, the Governors are required to

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make adjustments 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 and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume the Charitable Company will continue in business

The Governors 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 provision and detection of fraud and other irregularities.

The Governors 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 Governors 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 Governing Body

(Signed) _____ Dated 4/12/2012

(Chair)

Mrs Zoe Sprake

(Signed) _____ Dated 4/12/2012

(Headteacher)

Mr S O'Neill

**Independent Auditor's Report
To the Members of Bungay High School Academy**

We have audited the financial statements of Bungay High School Academy for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 26.

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 Annual Accounts Direction [2011/12] 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the charitable company for the purpose 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUNGAY HIGH SCHOOL ACADEMY (CONTINUED)

Opinion on 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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Annual Accounts Direction [2011/12] issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Guy Biggin

Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Crowe Clark Whitehill LLP
Carrick House,
Lypiatt Road,
Cheltenham, GL50 2QJ

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF BUNGAY HIGH SCHOOL ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12th November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy trust during the period 4 March 2011 to 31 August 2012 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 the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction [2011/12] issued by the EFA.

Opinion

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 period 1 August 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Guy Biggin

Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Crowe Clark Whitehill LLP
Carrick House,
Lypiatt Road,
Cheltenham, GL50 2QJ

**Statement of Financial Activities for the 13 month period ended 31 August 2012
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2012 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	3	10,793	201,873	-	13,614,235	13,826,901
Activities for generating funds	4	106,432	17,130	-	-	123,562
Investment income	5	2,213	-	-	-	2,213
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	6	39,139	5,235,861	-	715,765	5,990,765
Other income	4	178,917	2,920	-	-	181,837
Total incoming resources		337,494	5,457,784	-	14,330,000	20,125,278
Resources expended						
Cost of generating funds:						
Costs of activities for generating funds	7	21,393	-	-	-	21,393
Charitable activities:						
Academy's educational operations	8	273,634	5,122,450	434,000	386,793	6,216,877
Governance costs	9	-	68,269	-	-	68,269
Total resources expended	7	295,027	5,190,719	434,000	386,793	6,306,539
Net incoming/(outgoing) resources before transfers						
		42,467	267,065	(434,000)	13,943,207	13,818,739
Gross transfers between funds	17	-	(96,768)	94,000	2,768	-
Net income/(expenditure) for the year		42,467	170,297	(340,000)	13,945,975	13,818,739
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	17	-	-	(62,000)	-	(62,000)
Net movement in funds		42,467	170,297	(402,000)	13,945,975	13,756,739
Reconciliation of funds						
Funds carried forward at 31 August 2012		42,467	170,297	(402,000)	13,945,975	13,756,739

All of the Academy's activities derive from continuing operations. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance Sheet as at 31 August 2012

	Notes	2012 £
Fixed Assets		
Tangible assets	13	<u>13,718,757</u> <u>13,718,757</u>
Current assets		
Stock	14	1,114
Debtors	15	256,435
Cash at bank and in hand		<u>488,686</u>
		746,235
Current Liabilities		
Creditors: Amounts falling due within one year	16	<u>(306,253)</u>
Net current assets (liabilities)		<u>439,982</u>
Total assets less current liabilities		<u>14,158,739</u>
Net assets excluding pension liability		14,158,739
Pension scheme liability	25	(402,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u><u>13,756,739</u></u>
Funds of the Academy		
Restricted funds		
- Fixed asset fund	17	13,945,975
- General funds	17	170,297
- Pension reserve	17	<u>(402,000)</u>
Total restricted funds		<u>13,714,272</u>
Unrestricted funds		
- General fund	17	42,467
Total unrestricted funds		<u>42,467</u>
TOTAL FUNDS		<u><u>13,756,739</u></u>

The financial statements on pages 19 to 40 were approved by the Governors, and authorised for issue on 4th December 2012 and are signed on their behalf by:

Signed

Zoe Sprake
Chair of Governors

Cash Flow Statement for the period ended 31st August 2012

	Notes	2012 £
Net cash inflow from operating activities	20	262,023
Returns on investments and servicing of finance	21	2,213
Capital expenditure	22	224,450
Increase in cash in the period	23	<u>488,686</u>
 Reconciliation of net cash flow to movement in net funds		
Net funds at 1 August 2011		-
Net funds at 31 August 2012		<u>488,686</u>

1. Statement of 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 EFA and the 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 Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. Following review of medium term financial plans, future student numbers and the favourable outcome of the recent Funding Review, the Governors conclude the description of the Academy as a going concern is appropriate.

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.

- **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 their open market 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.

1. Statement of Accounting Policies (continued)

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 Governors meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 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.

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

Leasehold land and buildings	2%
Furniture and equipment	15%
Plant and machinery	15%
Computer equipment and software	25%

No depreciation is charged on assets that are not brought into use by the Balance Sheet date.

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.

Stock

Unsold uniforms are valued at the lower of cost or net realisable value.

1. Statement of Accounting Policies (continued)

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 Trust 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.

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 Governors. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the grantor 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.

Note 2
General Annual Grant

	2012
	£
GAG brought forward from previous year	-
GAG allocation for current year	5,118,716
Total GAG available to spend	5,118,716
Recurrent expenditure from GAG	4,950,734
Fixed assets purchased from GAG	-
Total GAG expenditure	4,950,734
Transfer of pension contributions to Pension Reserve	94,000
GAG carried forward to next year	73,982
Maximum permitted GAG carry forward at end of current year	614,246
(12% of allocation for current year)	
GAG to surrender to DfE (12% rule breached if result is positive)	(540,264)
Use of GAG brought forward from previous year for recurrent purposes	
Recurrent expenditure from GAG in current year	4,950,734
GAG allocation for current year	(5,118,716)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(167,982)

Note 3
Voluntary Income

	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Donations - Revenue	10,793	201,873	212,666
Gifted Assets	-	13,614,235	13,614,235
	10,793	13,816,108	13,826,901

Note 4**Activities for Generating Funds**

	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Hire of facilities	16,065	-	16,065
Items sold	20,027	-	20,027
Income from services provided	70,340	17,130	87,470
	<u>106,432</u>	<u>17,130</u>	<u>123,562</u>
Other Incoming Resources			
Insurance Claims	770	-	770
Academy Trips	67,942	2,920	70,862
Catering Income	110,205	-	110,205
	<u>178,917</u>	<u>2,920</u>	<u>181,837</u>
	<u>285,349</u>	<u>20,050</u>	<u>305,399</u>

Note 5**Investment Income**

	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Bank Interest	2,213	-	2,213
	<u>2,213</u>	<u>-</u>	<u>2,213</u>

Note 6
Funding for Academy's
Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
DfE/YPLA Capital Grants			
LA SOR Funding	-	422,244	422,244
Capital Maintenance Fund	-	233,526	233,526
DFC	-	20,605	20,605
Windows Grant	-	39,390	39,390
	<u>-</u>	<u>715,765</u>	<u>715,765</u>
DfE/YPLA Revenue Grants			
General Annual Grant	-	5,118,716	5,118,716
EMA Bursary	-	24,890	24,890
Diploma Funding	-	27,225	27,225
	<u>-</u>	<u>5,170,831</u>	<u>5,170,831</u>
Other Government Grants			
HYPHOP funding	-	32,000	32,000
Teaching Grant	-	13,900	13,900
Other Government Grants	-	19,130	19,130
SOR Start Up funding	39,139	-	39,139
	<u>39,139</u>	<u>65,030</u>	<u>104,169</u>
	<u>39,139</u>	<u>5,951,626</u>	<u>5,990,765</u>

Note 7
Resources Expended

	Non Pay Expenditure			Total 2012 £
	Staff Costs £	Premises £	Other Costs £	
Costs of activities for generating funds	-	-	21,393	21,393
Academy's educational operations				
• Direct Costs	3,471,837	386,793	960,408	4,819,038
• Allocated Support Costs	723,037	167,299	369,801	1,260,137
• Other Expenditure	-	-	137,703	137,702
	<u>4,194,874</u>	<u>554,092</u>	<u>1,489,304</u>	<u>6,238,270</u>
Governance costs(including allocated support costs)	-	-	68,269	68,269
	<u>4,194,874</u>	<u>554,092</u>	<u>1,557,573</u>	<u>6,306,539</u>

Incoming/outgoing resources for the year include:

	2012 £
Operating leases	8,385
Fees payable to auditor	<u>8,250</u>

Note 8**Charitable Activities - Academy's educational operations**

	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Direct Costs			
Teaching and educational support Staff costs	-	3,471,837	3,471,837
Inherited Pension Liability	-	340,000	340,000
Direct Costs Depreciation	-	386,793	386,793
Educational supplies	4,889	91,639	96,528
Examination Fees	13,099	160,574	173,673
Staff Development	-	18,070	18,070
Educational Consultancy	-	12,568	12,568
Pupil Transport	43,418	49,555	92,973
Special Facilities	489	198,294	198,783
Agency Teaching	3,000	24,659	27,659
Other direct costs	-	154	154
	<u>64,895</u>	<u>4,754,143</u>	<u>4,819,038</u>
Allocated Support Costs			
Support Staff Costs	55,132	667,905	723,037
Pupil recruitment and support equipment	-	8,891	8,891
Cleaning	3,502	89,878	93,380
Rent, rates and water	-	25,402	25,402
Insurance	-	96,103	96,103
Travel and Subsistence	-	5,552	5,552
Catering	70,813	1,139	71,952
Heat and Light	-	78,090	78,090
Technology	-	74,268	74,268
	<u>129,447</u>	<u>1,130,690</u>	<u>1,260,137</u>
Other Expenditure			
Other GAG Expenditure	-	5,640	5,640
SOR Revenue Project Costs	-	38,770	38,770
Other Non GAG Expenditure	79,292	14,000	93,292
	<u>79,292</u>	<u>58,410</u>	<u>137,702</u>
	<u>273,634</u>	<u>5,943,242</u>	<u>6,216,877</u>

Note 9**Governance Costs**

	Unrestricted Funds	Restricted Funds	Total 2012
	£	£	£
Legal and professional fees	-	60,019	60,019
Auditors remuneration - audit of financial statements	-	8,250	8,250
	<u>-</u>	<u>68,269</u>	<u>68,269</u>

Note 10**Staff Costs**

	2012 £
Direct staff costs during the period were:	
Wages and salaries	3,456,036
Social security costs	267,202
Other pension costs	468,463
	<u>4,191,701</u>
Indirect employee expenses	3,173
	<u>4,194,874</u>
of which supply teacher costs	<u>21,463</u>

The average number of persons (including senior management team) employed by the Academy

	2012 No.
Charitable Activities	
Teachers	58
Administration and support	27
Management	8
	<u>93</u>

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

	2012 No.
£60,001 - £70,000	1
£100,001 - £110,000	1

Note 11

Directors Remuneration -	
Headteacher	£105k - £110k
B Charlish, Staff Governor	£25k - £30k
A Barker, Staff Governor	£40k - £45k
N Brunnsden, Staff Governor	£35k - £40k
T Hughes, Staff Governor	£0k - £5k

Principal and staff Governors only receive remuneration in respect of the services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors. The value of Governors' remuneration was therefore as above for the 13 month period.

Note 12

Governors Liability Insurance limit	2,000,000
Premium for period (excluding IPT)	1,002

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors omissions occurring whilst on Academy business. The insurance provides cover to the limit shown above. The cost is included in the total insurance premium.

Note 13**Tangible Fixed Assets**

	Leasehold Land and Buildings £	Plant and Machinery £	Furniture and Equipment £	Computer Equipment and Software £	Assets Under Construction £	Total £
Cost	-	-	-	-	-	-
Assets transferred upon conversion	13,500,000	5,149	19,780	89,307	-	13,614,236
Additions	375,884	38,836	14,977	43,487	18,131	491,315
At 31 August 2012	13,875,884	43,985	34,757	132,794	18,131	14,105,551
Depreciation	-	-	-	-	-	-
Charged in year	294,026	8,351	8,377	76,039	-	386,793
Disposals	-	-	-	-	-	-
At 31 August 2012	294,026	8,351	8,377	76,039	-	386,793
Net Book Values	-	-	-	-	-	-
At 31 August 2012	13,581,858	35,634	26,380	56,755	18,131	13,718,757

Note 14

Stock	2012
	£
Uniform	190
Stationery etc	260
Art Materials	73
Revision Guides	591
	1,114

Note 15
Debtors

	2012
	£
Trade Debtors	3,073
Prepayments	76,564
Other Debtors	148,940
VAT Debtor	27,858
	<u>256,435</u>

Note 16
Creditors: amounts falling due
within one year

	2012
	£
Trade Creditors	40,916
Accruals and deferred income	265,337
	<u>306,253</u>

Deferred Income (included within
the above)

	2012
	£
Deferred income as at 31 August 2012	<u>82,968</u>
Receipts in Advance; income for various projects, and Academy Trips paid in advance	

Note 17 Funds

	Incoming Resources	Resources Expended	Transfers in/out	Gains / Losses	Balance as at 31 August 2012
	£	£	£	£	£
Restricted general funds					
General Annual Grant	5,118,716	(4,950,734)	(94,000)	-	73,982
Other DfE/YPLA Grants	52,115	(48,914)	-	-	3,201
Other Restricted Funds	286,953	(191,071)	(2,768)	-	93,114
	<u>5,457,784</u>	<u>(5,190,719)</u>	<u>(96,768)</u>	-	<u>170,297</u>
Restricted pension fund					
Pension reserve	-	(434,000)	94,000	(62,000)	(402,000)
	-	<u>(434,000)</u>	<u>94,000</u>	<u>(62,000)</u>	<u>(402,000)</u>
Restricted fixed asset funds					
DfE/YPLA capital grants	715,765	(1)	-	-	715,764
Capital expenditure from GAG	-	(1,120)	-	-	(1,120)
Capital expenditure from other funds	13,614,235	(385,672)	2,768	-	13,231,331
	<u>14,330,000</u>	<u>(386,793)</u>	<u>2,768</u>	-	<u>13,945,974</u>
Total restricted funds	<u>19,787,784</u>	<u>(6,011,512)</u>	-	<u>(62,000)</u>	<u>13,714,272</u>
Unrestricted funds					
Unrestricted fund	337,494	(295,027)	-	-	42,467
	<u>337,494</u>	<u>(295,027)</u>	-	-	<u>42,467</u>
Total funds	<u>20,125,278</u>	<u>(6,306,539)</u>	-	<u>(62,000)</u>	<u>13,756,739</u>

Fund balances at 31st August 2012 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2012 £
Tangible fixed assets	-	-	13,718,757	13,718,757
Current assets	57,559	461,458	227,218	746,235
Current liabilities	(15,092)	(291,161)	-	(306,253)
Pension scheme liability		(402,000)		(402,000)
Total net assets	<u>42,467</u>	<u>(231,703)</u>	<u>13,945,975</u>	<u>13,756,739</u>

Note 19
Financial commitments

Operating leases

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

	2012 £
Land and buildings	<u>-</u>
Other	<u>-</u>
Expiring within one year	-
Expiring within two and five years inclusive	11,180
Expiring in over five years	-
	<u>11,180</u>

2012
£

Net Income	13,818,739
Pension scheme deficit transferred in (year 1 only)	340,000
Depreciation	386,793
Capital grants from DfE and other capital income	(14,330,000)
Interest receivable	(2,213)
FRS17 pension cost less contributions payable	(14,000)
FRS17 pension finance income	14,000
(Increase)/decrease in stocks	(1,114)
(Increase)/decrease in debtors	(256,435)
(Increase)/decrease in creditors	306,253
Net cash inflow from operating activities	<u>262,023</u>

Note 21
**Returns on investment and
servicing of finance**

2012
£

Interest received	<u>2,213</u>
	<u>2,213</u>

Note 22
**Capital expenditure and financial
investment**

2012
£

Purchase of tangible fixed assets	(14,105,550)
Capital grants from DfE/YPLA	715,765
Capital Donations	<u>13,614,235</u>
Net cash inflow from returns on investments and servicing of finance	<u>224,450</u>

Note 23

Analysis of changes in net funds

	Cashflows £	At 31 August 2012 £
Cash in hand and at bank	<u>488,686</u>	<u>488,686</u>
	<u>488,686</u>	<u>488,686</u>

Note 24

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.

Note 25**Pensions and similar obligations**

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, which is managed by Suffolk 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period. Contributions amounting to £345,893 for Teachers Pensions and £107,000 for Local Government Pension Scheme were payable to the schemes at 31 August.

Teachers' Pension Scheme

The Teachers Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operate are the Teachers Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their 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' 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 (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.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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 to 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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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%.

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.

Note 25**Pensions and similar obligations
(continued)****Teachers' Pension Scheme (continued)**

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.

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 and scheme valuations are, therefore, currently suspended. 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.

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 and the implications for the Academy in terms of the anticipated contribution rates.

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 period ended 31 August 2012 was £118,000 of which employer's contributions totalled £94,000 and employees' contributions totalled £24,000. The agreed contribution rates for future years are 24.5% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13500	5.50%
£13501 - £15800	5.80%
£15,801 - £20,400	5.90%
£20,401 - £34,000	6.50%
£34,001 - £45,500	6.80%
£45,501 - £85,300	7.20%
Above £85,300	7.50%

Principal Actuarial Assumptions**31/08/2012****% p.a.**

Pension increase rate	2.20%
Salary increase rate	4.50%
Expected return on assets	4.50%
Discount rate	4.10%

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

	Males	Females
Current Pensioners	21.4 years	23.3 years
Future Pensioners	23.7 years	25.7 years

Note 25**Pensions and similar obligations
(continued)****Local Government Pension Scheme (continued)**

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

	Expected return at 31 August 2011	Value at 31 August 2012 £
Equities	6.80%	351,000
Bonds	4.60%	175,000
Property	4.80%	60,000
Cash	3.90%	18,000
Total market value of assets		604,000
Present value of scheme liabilities		
- Funded		(1,006,000)
Deficit in the scheme		(402,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The return on the Fund in market value terms for the period to 31 August 2012 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. The actual return on the scheme assets for the period from 30 June 2011 to 30 June 2012 was 0.8%.

The estimated return for the period from 1 September 2011 to 31 August 2012 is 8.3%.

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £62,000 loss.

Note 25**Pensions and similar obligations
(continued)****Local Government Pension Scheme (continued)****Amounts recognised in the statement of financial activities**

	2012
	£
Analysis of pension costs	
Current service cost	80,000
Past service cost (gain)	-
Total operating charge	<u>80,000</u>

	2012
	£
Analysis of pension finance income/(costs)	
Interest cost	(49,000)
Expected return on pension scheme	35,000
Pension finance income/(costs)	<u>(14,000)</u>

The estimated value of employer contributions for the period ended 31 August 2013 is £94,000

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

	2012
	£
Transfer in of scheme obligations	820,000
Current service cost	80,000
Interest cost	49,000
Contributions by scheme participants	24,000
Actuarial losses/ (gains)	33,000
Scheme liabilities at 31 August	<u>1,006,000</u>

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

	2012
	£
Transfer in of scheme assets	480,000
Expected return on scheme assets	35,000
Contributions by employer	94,000
Contributions by scheme participants	24,000
Actuarial gains/(losses)	(29,000)
Fair value of scheme assets at 31 August	<u>604,000</u>

The history of experience adjustments is as follows:

	2012
	£
Present value of defined benefit obligations	(1,006,000)
Fair value of share of scheme assets	604,000
Deficit in scheme	<u>(402,000)</u>
Experience adjustments on share of scheme assets	<u>(29,000)</u>
Experience adjustments on scheme liabilities	<u>(33,000)</u>

Note 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.

C Johnson – a sole trader in which Mrs C Johnson, Governor, has a majority interest. Transactions totalling £14,090 relating to the provision of consultancy services took place in the period.

R Excel, an employee of Suffolk County Council. Transactions totalling £26,498 with SCC took place for services: cleaning, grounds maintenance, staff training, professional fees, and alternative education provision.

B Cloke wages paid during the period of £409 for 53.5 hours work as a casual Exam Invigilator.