

COMPANY REGISTRATION NUMBER: 07840925

(England and Wales)

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2014

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

FINANCIAL STATEMENTS

PERIOD FROM 1 SEPTEMBER 2013 TO 31 AUGUST 2014

| CONTENTS | PAGE |
|--|-------------|
| Reference and Administrative Details | 2 |
| Governors Report | 3 |
| Governance Statement | 8 |
| Statement on Regularity, Propriety and Compliance | 11 |
| Statement of Governors Responsibilities | 12 |
| Independent Auditor's Report on the Financial Statements | 13 |
| Statement of Financial Activities Incorporating the Income and Expenditure Account | 17 |
| Balance Sheet | 18 |
| Cash Flow Statement | 19 |
| Notes to the Financial Statements, incorporating: | |
| Statement of Accounting Policies | 20 |
| Other Notes to the Financial Statements | 23 |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Governors (Trustees')

Mr I Dudley (Chairman) **
Mrs N Till (Vice Chair) **
Mr A Cook (Head teacher and accounting officer) **
Mr N Sharp (Staff Governor)
Mrs G Deane (Staff Governor)
Mrs L Brough (Staff Governor)
Rev'd D Cooper (Vicar)
Mr A Capeling (Foundation Governor)
Mr G Beaumont (Foundation Governor) **
Mr D Adair (Foundation Governor and Responsible Officer)
Mr I Service (Foundation Governor from 17-6-14)
Mrs J Bratt (LA Governor)
Mr G Jones (Parent Governor)

**Members of Finance Committee

Senior Management Team

Head Teacher
Deputy Head Teacher

Mr A Cook
Mr N Sharp

Principal and registered office

Church Hill
Arnside
Carnforth
Cumbria
LA5 0DW

Company registration number

07840925 (England and Wales)

Independent Auditors

Montpelier Audit Ltd
Station Road
Horsfoth
Leeds
LS18 5NT

Bankers

Cumberland Building Society
Cumberland House
Castle Street
Carlisle
CA3 8BR

Solicitors

Beaty & Co
1 Victoria Place
Wigton
Cumbria
CA7 9PJ

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

GOVERNORS REPORT

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period to 31 August 2014. The annual report serves the purposes of both a governors report, and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area around Arnside. It had a roll of 153 on the school census in January 2014.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Academy Trust was incorporated on 28th November 2011 and commenced trading on 1st December 2011. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The governors act as the Governors for the charitable activities of Arnside National Church of England School Academy Trust Limited and are also directors of the Charitable Company for the purpose of company law. The Charitable Company is known as Arnside National Church of England School.

Details of the Governors who served though out the year are included in the Reference and Administrative Details on page 2.

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

The Governors of the Academy are covered by indemnity insurance paid for by the trust.

Method of Recruitment and Appointment or Election of Governors

The Governors' term of office is four years but they are eligible for re-election at the meeting at which they retire. Both the Chair and vice –chair have been elected for a four year term (2011 to 2015).

During the period under review the Governors held three full Governors' meetings.

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Foundation Governors are appointed by the Diocesan Board of Education after consulting with the PCC of the Parish, the LA will appoint the LA Governor and the parents of the pupils within the academy shall elect the Parent Governor.

Policies and Procedures Adopted for the Induction and Training of Governors

All new non-staff Governors have an induction meeting usually with the clerk and Head teacher, the training and induction process will depend on their existing experiences. Governors have access to all policies, improvement plans; minutes and other relevant documentation that they need to undertake their role as governor.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Organisational Structures

The management structure consists of two levels: the Governors and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. 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 appointment. The Leadership Team is comprised of the Head Teacher and Deputy Head Teacher. The Leadership Team control the Academy at a day to day level, implementing the policies laid down by the Governors and reporting back to them.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors are satisfied that systems and procedures are in place to mitigate the exposure to major risks.

The governors have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The Governors also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or dispositions;
- The proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of Arnside National Church of England School, to provide education for pupils aged 3 to 11.

In accordance with the Funding Agreement made under section 1 of the Academies Act 2010, between the Secretary of State for Education and the Academy Trust, the Academy is governed by a Governing Body which exercises the powers and functions with a view to fulfilling a largely strategic role in the running of the school. The curriculum, in substance, complies with statutory requirements.

Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31 August 2014 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement and progress of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To maintain close links with the community;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

The Academy's main strategy is to raise standards of achievement and progress through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the Academy is teaching and learning: its people and resources are constantly measured by their contribution to the overall quality of teaching and learning and therefore the standards achieved by its students.

Key activities which support the main strategic purpose of the organisation are:

- Robust quality assurance processes which are transparent and inform all subsequent actions;
- Secure use of data and tracking to measure progress and inform actions and interventions;
- A constant review of CPD and training opportunities for staff;

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Ramps are installed and the door widths are adequate to enable wheelchair access to the main areas of the school. The policy of the school is to support recruitment and retention of pupils and employees with disabilities. The Academy does this by adapting the physical environment, by making resources available and through training and career development.

Public Benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Children are admitted from a range of backgrounds. The school has a rich curriculum which aims to deliver good academic progress with a range of activities and experiences, offering pupils a chance to demonstrate their abilities and potential.

Achievements and Performance

The Academy is about to enter into its fourth year of operation and continues to achieve the forecast number of students. There are currently 147 pupils on roll (131 in school and currently 16 part-time nursery children, (mornings only) the number in nursery will rise to 26 later in the year).

Examination results for 2014 were very pleasing on a number of measures:

- The early years profile showed all pupils achieving in line with or above the national average.
- KS1 results shows all pupils achieving above the national expectations for schools in similar contexts.
- KS2 results:
 - Maths L4 - 100% L5 - 42% L6 - 5%
 - Reading L4 – 95% L5 - 68% L6 - 0%
 - Grammar L4 – 84% L5 - 47% L6 - 16%

Pupil achievement has been consistent over time, and is above the Fischer Family Trust estimates for the school.

To ensure that standards are continually raised the Academy, the Governing Body and the Leadership Team:

- Operate a robust quality assurance calendar which monitors the quality of teaching and learning;
- Undertaking a rigorous review of attainment using RAISEONLINE and FFT and levels of progress of students, paying particular regard to their achievement on entry and levels of progress secured.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Going Concern

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

Financial Review

Financial Review for the year

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. 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.

During the period ended 31 August 2014, the excess of income over expenditure on the restricted fund for the period was £50,759 (excluding the pension deficit transferred and the pension fund movement).

At 31 August 2014 the net book value of fixed assets was £40,537 as shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £91,000

Financial and Risk Management Objectives and Policies

As an Academy funded directly by the Department for Education funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in Government policy and funding levels and fluctuations in pupil numbers, especially if the roll falls.

Principal Risks and Uncertainties

Arnside National Church of England School currently has 147 pupils on roll (131 in school and currently 16 part-time nursery children, (mornings only) the number in nursery will rise to 26 later in the year), the key risk to the school is fluctuations in pupil numbers, this risk is deemed low as the numbers have recently increased and are sustainable.

Reserves Policy

The Academy's 'free reserves' are its funds after excluding restricted funds. "Free reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent objects but which is not yet spent, committed or designed.

The Academy's current level of 'free reserves' is £0

Demands on the Academy's restricted general reserves will vary over the coming years. The Academy's long term policy is that the appropriate level of restricted general reserves should be at least £20,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of restricted general reserves is £50,759.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Investment Policy

The Governors have resolved to hold only one bank account, if fund levels increase the opening of a deposit account will be reviewed.

Plans for Future Periods

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure all students are secure in their next steps on leaving the Academy.

The Academy's key objectives for the forthcoming year are to:

- Further develop the role of the Teaching School, in particular by increasing provision of support to other schools in partnership with the Local Authority, LASL and the 'Good Shepherd' Multi Academy Trust.
- Develop a post levels assessment system in school that is both practical and functional and allows pupil progress to be tracked effectively in order to impact positively on future planning and target setting.
- Develop the school building by providing kitchen facilities, an additional classroom, admin area and conference area in order to fulfil the statutory requirement for Universal Free School Meals at KS1 and the additional responsibilities necessary to maximise our status as a teaching school.

Auditor

Insofar 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.

Governors report, incorporating a strategic report, approved by order of the members of the Governing Body, as the company directors, on 19th December 2014 and signed on their behalf by:



Mr I Dudley

Chair of Governors

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Arnside National Church of England 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 Mr A Cook, 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 Arnside National Church of England School and the Secretary of State for Education. They are 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 Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 3 times during the period 1 September 2013 to 31 August 2014. Attendance during this period at meetings of the Governing body was as follows:

| Governor | Meetings Attended | Out of a possible |
|--|-------------------|-------------------|
| Mr I Dudley (Chair) | 3 | 3 |
| Mrs N Till (Vice Chair) | 2 | 3 |
| Mr A Cook (Head teacher and accounting officer) | 3 | 3 |
| Mr N Sharp (Staff Governor) | 3 | 3 |
| Mrs G Deane (Staff Governor) | 3 | 3 |
| Mrs L Brough (Staff Governor) | 2 | 3 |
| Rev'd D Cooper (Vicar) | 2 | 3 |
| Mr A Capeling (Foundation Governor) | 3 | 3 |
| Mr G Beaumont (Foundation Governor) | 2 | 3 |
| Mr D Adair (Foundation Governor and Responsible Officer) | 2 | 3 |
| Mr I Service (Foundation Governor) appointed 17/6/14 | 0 | 0 |
| Mr G Jones (Parent Governor) | 3 | 3 |
| Mrs J Bratt (LA Governor) | 2 | 3 |

The **Finance Committee** is a sub-committee of the main Governing body. Its purpose is to:

- Oversee the implementation of the school's policy for financial delegation;
- Agree objectives for the Head teachers Performance Review with the Head teacher and external Advisor;
- Monitor the Head teachers progress towards these objectives;
- Determine the Head teachers' remuneration;
- Determine the pay of all teaching and non-teaching staff annually and inform them of their decision;
- Prepare and recommend the budget plan to the Governing Body including the delegation of budget responsibilities;
- Regularly monitor income and expenditure against each budget heading;
- Ensure all financial returns are produced and reviewed;
- Award contracts by tender up to a specific limit (as set out in the financial delegation policy).

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Attendance at meetings in the year was as follows:

| Governor | Meetings Attended | Out of a possible |
|---|--------------------------|--------------------------|
| Mr I Dudley (Chair) | 3 | 3 |
| Mr A Cook (Head Teacher and Accounting Officer) | 3 | 3 |
| Mr G Beaumont | 3 | 3 |
| Mrs N Till | 2 | 3 |

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than 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 not be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Arnside National Church of England School for the period to 31 August 2014 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 the risks for the Academy are low and the monitoring of such risks through evaluating and managing them have been in place during the period to 31 August 2014 and up to the date of the approval of the annual report and financial statements. This process is reviewed by the Governing Body.

The Risk and Control Framework

The Academy Trust's system of internal 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, as far as is possible in a small school. In particular, it includes:

- Comprehensive budgeting and monitoring with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- Regular reviews by the Finance Committee
- Clearly defined purchasing guidelines as set out in the Financial Delegation Policy;
- Delegation of authority and segregation of duties as set out in the Financial Delegation Policy;
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However they have appointed Mr A Adair, 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 Trust's financial systems. Along with the RO the Governors have also bought in external financial support through 'Accountancy Service 4 Schools' to work with the school administrator to ensure the accounting system is accurate, that the system balances to external records on a monthly basis and reflects the true position of the school finances.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Review of Effectiveness

Accounting officer, Mr A Cook has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been undertaken by:

- The work of the Responsible Officer;
- The work of 'Accountancy Services 4 Schools';
- The financial management and Governors self-assessment process.

The accounting officer has been advised of the implications of the results of their review of the system of internal control to ensure continuous improvements of the system is in place.

Approved by order of the members of the Governing Body on 19th December 2014 and signed on behalf by:



Mr I Dudley
Chair of Governors



Mr A Cook
Accounting Officer

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Arnside National Church of England School I have considered my responsibility to notify the Academy Trust Governing Body 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 Trust and the Secretary of State. As part of my consideration I have due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA.



Mr A Cook

Accounting Officer

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as Governors for charitable activities of Arnside National Church of England School Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the Financial Statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Governors are responsible for keeping adequate 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 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 on 19th December 2014 and signed on behalf by:



Mr I Dudley

Chair of Governors

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNING BODY OF ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL LIMITED

We have audited the financial statements of Arnside National Church of England School for the period ended 31 August 2014 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors 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 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 Governors' Responsibilities Statement (set out on page 13), the governors (who are also directors of the academy 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) 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 academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 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, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies: Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

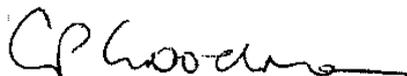
ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNING BODY OF ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL LIMITED (continued)

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.
- 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; or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Governors' Annual Report.



George Goodman FCCA (Senior Statutory Auditor)
For and on behalf of Montpelier Audit Limited,
Statutory Auditor
Montpelier Audit Limited
Statutory Auditor
Sanderson House
22 Station Road
Leeds
LS18 5NT

Dated: 19 December 2014

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL LIMITED AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 October 2012 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 Arnside National Church of England School for the year ended 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 Arnside National Church of England School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Arnside National Church of England School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Arnside National Church of England School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Arnside National Church of England School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Arnside National Church of England School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook as published by DfE in 2006, for ensuring that expenditure disbursed and income received is applied for the purpose 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 ended 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 2014 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.

The work undertaken to draw our conclusions includes:

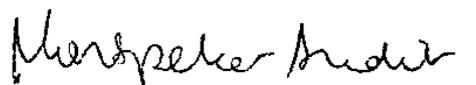
- An assessment of the risk of irregularity and impropriety in respect of the trust's activities
- Review and testing in respect of risk areas including identification of controls, and examination of evidence where appropriate in respect of income and expenditure
- Consideration of all relevant matters identified through the work carried out as part of our audit of the financial statements

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL LIMITED AND THE EDUCATION FUNDING AGENCY (continued)

Conclusion

In the course of our work, (except for the matters listed below) nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 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.



Montpelier Audit Limited
Statutory Auditor
Sanderson House
22 Station Road
Leeds
LS18 5NT

Dated: 19 December 2014

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2014

| | Note | Unrestricted Funds £'000 | Restricted General Funds £'000 | Restricted Fixed Asset Funds £'000 | Total Funds Period from 1 September 13 to 31 August 14 £'000 | Total Funds Period from 1 September 12 to 31 August 13 £'000 |
|---|------|--------------------------------|---|---|--|--|
| INCOMING RESOURCES | | | | | | |
| Incoming Resources from generating funds | | | | | 0 | 0 |
| Voluntary Income | 3 | 65 | | | 65 | 63 |
| Activities for generating funds | | 0 | | | 0 | 0 |
| Investment income | | 0 | | | 0 | 0 |
| Incoming resources from charitable activities | 4 | | 619 | 6 | 625 | 545 |
| TOTAL INCOMING RESOURCES | | 65 | 619 | 6 | 690 | 608 |
| RESOURCES EXPENDED | | | | | | |
| Costs of generating funds: | | | | | 0 | 0 |
| Costs of generating voluntary income | | | | | 0 | 0 |
| Charitable activities | 6 | -62 | -572 | -11 | -645 | -606 |
| Governance costs | 7 | | -4 | | -4 | -11 |
| TOTAL RESOURCES EXPENDED | | -62 | -576 | -11 | -649 | -617 |
| NET INCOMING RESOURCES BEFORE TRANSFERS | | 3 | 43 | -5 | 41 | -9 |
| Transfer between funds | | -3 | | 3 | 0 | 0 |
| NET INCOME FOR THE PERIOD | | 0 | 43 | -2 | 41 | -9 |
| OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| Inherited deficit on defined benefit pension scheme | | | | | 0 | 0 |
| Actuarial loss on defined benefit pension scheme | 20 | | 28 | | 28 | 8 |
| NET MOVEMENT IN FUNDS | | 0 | 71 | -2 | 69 | -1 |
| RECONCILIATION OF FUNDS | | | | | | |
| Total funds brought forward | | 0 | -111 | 43 | -68 | -67 |
| TOTAL FUNDS CARRIED FORWARD | | 0 | -40 | 41 | 1 | -68 |

All of the above amounts relate to continuing activities

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The notes on pages 20 to 34 form part of these financial statements

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

BALANCE SHEET AS AT 31 AUGUST 2014

| | Note | £'000 | 31-Aug-14 £'000 | £'000 | 31-Aug-13 £'000 |
|---|------|-------|--------------------|-------|--------------------|
| Fixed Assets | | | | | |
| Tangible Assets | 11 | | 41 | | 43 |
| Current Assets | | | | | |
| Debtors | 12 | 43 | | 54 | |
| Cash at bank and in hand | 18 | 59 | | 1 | |
| | | 102 | | 55 | |
| Creditors: Amounts falling due within one year | 13 | | | 55 | |
| Net current assets | | | 51 | | 0 |
| Total assets less current liabilities | | | 92 | | 43 |
| Net assets excluding pension scheme liability | | | | | |
| Defined pension scheme liability | 20 | | -91 | | -111 |
| Net assets including pension liability | | | 1 | | -68 |
| Funds | | | | | |
| Restricted income funds - Fixed asset funds | 14 | | 41 | | 43 |
| Restricted income funds - General funds | 14 | | 51 | | 0 |
| Restricted income funds - Pension reserve | 14 | | -91 | | -111 |
| | | | 1 | | -68 |
| Unrestricted income funds | 14 | | 0 | | 0 |
| Total Funds | | | 1 | | -68 |

These financial statements were approved by the members of the committee on the 19th December 2014 And are signed on their behalf by:



Mr I Dudley
Chair

Company Registration Number: 07840925

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

| | Note | 2014 £'000 | 2013 £'000 |
|---|------|---------------|---------------|
| Net cash inflow from operating activities | 16 | 58 | -64 |
| Returns on investments and servicing of finance | | 0 | 0 |
| Capital expenditure | | 0 | 0 |
| (Decrease) / Increase in cash in the year | | <u>58</u> | <u>-64</u> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net Funds as 1 September 2013 | | 1 | 65 |
| Net Funds as 31 August 2014 | | <u>59</u> | <u>1</u> |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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 2013 to 2014 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.

Incoming Resources

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

- **Grants Receivable**

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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

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

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. In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. 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 proportion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of Generating Funds**

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

- **Charitable Activities**

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

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

- **Governance Costs**

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

Tangible Fixed Assets

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision or impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or for 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 Trust's depreciation policy.

No Land and Buildings were transferred to the Academy Trust on conversion as these are held by the Diocese; therefore no value is included in the Academy Trust's balance sheet.

There were a number of assets transferred from Cumbria County Council on 1 December 2011 that are still in use by the Academy. These assets are principally school furniture, computers and office equipment. It is not considered to be practicable to place a value on these assets therefore they have not been included on the balance sheet of the Academy.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual values, over the useful economic life of that asset as follows:

| | |
|----------------------------------|--------------------------------|
| Fixtures, fittings and equipment | Reducing balance 20% per annum |
| ICT equipment | Straight line over 5 years |

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 assets 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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Academy Trust is considered to pass the test 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.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

Pensions Benefits

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

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the TPS. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government actuary on the basis of quinquennial valuations using a prospective benefit method.

As stated in Note 20, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Non-teaching members of staff are offered membership of the LGPS. The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Governor 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 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 as 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 been vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest costs are shown as a net finance amount of other finance costs or credit 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 Trust at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency (EFA), Department for Education (DfE) or other funders 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 EFA and DfE.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 1st August 2014 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 31st August 2014.

a. Results and Carry Forward for the Year

| | 2014 £'000 | 2013 £'000 |
|--|-------------------------|-------------------------|
| GAG brought forward from previous year | 0 | 14 |
| GAG allocation for current year | 568 | 469 |
| Total GAG available to spend | 568 | 483 |
| Recurrent expenditure from GAG | -518 | -483 |
| Fixed assets purchased from GAG | | |
| GAG Carried forward to next year | 50 | 0 |
| Maximum permitted GAG carry forward at end of current year (12% of allocation for current year) | -68 | -56 |
| GAG to surrender to DFE (12% rule breached if result is positive) | -18 no breach | -56 no breach |

3. Voluntary Income

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2014 £'000 | Total 2013 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital Grants | | | 0 | 0 |
| Private Sponsorship | | | 0 | 0 |
| Other Donations | 65 | | 65 | 63 |
| | <u>65</u> | <u>0</u> | <u>65</u> | <u>63</u> |

4. Funding for Academy's Educational Operations

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2014 £'000 | Total 2013 £'000 |
|---------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DFE / EFA revenue grants | | | | |
| General Annual Grant (GAG) | | 568 | 568 | 469 |
| Start Up Grants | | 0 | 0 | 0 |
| Other DFE / EFA Grants | | 15 | 15 | 6 |
| | <u>0</u> | <u>583</u> | <u>583</u> | <u>475</u> |
| Other Government Grants | | | | |
| Local Authority Grants | | 36 | 36 | 70 |
| Special Educational Projects | | | 0 | 0 |
| | <u>0</u> | <u>36</u> | <u>36</u> | <u>70</u> |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

5. Resources Expended

| | Staff | Non Pay Expenditure | | Total | Total |
|--|------------|---------------------|-------------|------------|------------|
| | Costs | Premises | Other Costs | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Costs of generating voluntary income | | | | | |
| Costs of activities for generating funds | | | | | |
| Academy's educational operations | | | | | |
| Direct costs | 471 | | 52 | 523 | 503 |
| Allocated support costs | 61 | 24 | 38 | 123 | 103 |
| | <u>532</u> | <u>24</u> | <u>90</u> | <u>646</u> | <u>606</u> |
| Governance costs including allocated support costs | | | 4 | 4 | 11 |
| | <u>532</u> | <u>24</u> | <u>94</u> | <u>650</u> | <u>617</u> |

Incoming / outgoing resources for the year include:

| | 2014 | 2013 |
|---------------------------------|-------|-------|
| | £'000 | £'000 |
| Fees payable to auditor - audit | 4 | 3 |

6. Charitable Activities – Academy's Educational Operations

| | Unrestricted | Restricted | Total | Total |
|--|--------------|------------|------------|------------|
| | Funds | Funds | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Direct Costs | | | | |
| Teaching and educational support staff costs | 55 | 416 | 471 | 455 |
| Depreciation | | 11 | 11 | 11 |
| Educational supplies | | 31 | 31 | 32 |
| Examination fees | | - | - | 0 |
| Staff development | | 2 | 2 | 3 |
| Educational consultancy | | 2 | 2 | 2 |
| Other direct costs | 6 | - | 6 | 0 |
| | <u>61</u> | <u>462</u> | <u>523</u> | <u>503</u> |
| Allocated support costs | | | | |
| Support staff costs | - | 61 | 61 | 58 |
| Depreciation | - | - | - | 0 |
| Recruitment and support | - | 10 | 10 | 4 |
| Maintenance of premises and equipment | - | 19 | 19 | 23 |
| Cleaning | - | 2 | 2 | 2 |
| Rent & Rates | - | 3 | 3 | 2 |
| Insurance | - | 7 | 7 | 7 |
| Security and transport | - | - | - | 0 |
| Catering | 1 | 1 | 2 | 2 |
| Bank interest and charges | - | - | - | 0 |
| Other support costs | - | 19 | 19 | 5 |
| | <u>1</u> | <u>122</u> | <u>123</u> | <u>103</u> |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

7. Governance Costs

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2014 £'000 | Total 2013 £'000 |
|-------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Legal & professional fees | - | - | - | 8 |
| Auditors remuneration | | | | |
| Audit of financial statements | - | 4 | 4 | 3 |
| | <u>-</u> | <u>4</u> | <u>4</u> | <u>11</u> |

8. Staff Costs

Staff costs during the period were:

| | 2014 £'000 | 2013 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 447 | 422 |
| Social security costs | 31 | 30 |
| Pension costs | 54 | 61 |
| | <u>532</u> | <u>513</u> |
| Supply teacher costs | | |
| Compensation payments | | |
| | <u>532</u> | <u>513</u> |

The average number of persons (including senior management team) employed by the academy during the period expressed as full time equivalents was as follows:

| | 2014 No. | 2013 No. |
|------------------------------|-------------|-------------|
| Charitable Activities | | |
| Teachers | 5.1 | 5.5 |
| Administration and support | 5.3 | 5.3 |
| Management | 2.0 | 2.0 |
| | <u>12.4</u> | <u>12.8</u> |

The number of employees whose emoluments fell within the following bands

| | 2014 No. | 2013 No. |
|-------------------|-------------|-------------|
| £70,001 - £80,000 | <u>1</u> | <u>1</u> |

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for this employee amounted to £11,348 (2013: £9,588).

9. Governors' Remuneration and Expenses

The Headteacher and Staff Governors only receive remuneration in respect of 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 Governor. The value of Governors remuneration was as follows:

| | |
|------------------------------------|-------------------|
| A Cook (Head Teacher and Governor) | £75,001 – £80,000 |
| N Sharp (Staff Governor) | £45,001 - £50,000 |
| L Brough (Staff Governor) | £30,001 - £35,000 |
| G Deane (Staff Governor) | £35,001 – £40,000 |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

10. Governors' and Officers Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any claim and the cost including all insurance for the period ended 31 August 2014 is £6,856 (2013: £6,111).

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

11. Tangible Fixed Assets

| | Freehold Land and Buildings £'000 | Leasehold Land and Buildings £'000 | Furniture and Equipment £'000 | Computer Equipment £'000 | Total £'000 |
|------------------------|--|---|-------------------------------------|--------------------------------|----------------|
| Cost | | | | | |
| At 1 September 2013 | | 0 | 49 | 11 | 60 |
| Additions | | | 0 | 9 | 9 |
| Disposals | | | | | 0 |
| At 31 August 2014 | 0 | 0 | 49 | 20 | 69 |
| Depreciation | | | | | |
| At 1 September 2013 | | | 14 | 3 | 17 |
| Charged in year | | | 7 | 4 | 11 |
| Disposals | | | | | 0 |
| At 31 August 2014 | 0 | 0 | 21 | 7 | 28 |
| Net book values | | | | | |
| At 31 August 2014 | 0 | 0 | 28 | 13 | 41 |
| At 31 August 2013 | 0 | 0 | 35 | 8 | 43 |

12. Debtors

| | 2014 £'000 | 2013 £'000 |
|-----------------|---------------|---------------|
| Other debtors | 29 | 39 |
| VAT Recoverable | 1 | 6 |
| Prepayments | 13 | 9 |
| | <u>43</u> | <u>54</u> |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

13. Creditors: Amounts falling due within one year

| | 2014 | <i>2013</i> |
|----------------------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Trade creditors | 13 | 11 |
| PAYE & NIC creditor | 18 | 16 |
| Other taxation & social security | | |
| Other creditors | | |
| Accruals and deferred income | 20 | 28 |
| | <u>51</u> | <u>55</u> |

Deferred Income

| | 2014 | <i>2013</i> |
|--------------------------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Deferred income at 1 September 2013 | 17 | 18 |
| Resources deferred in the year | 20 | 17 |
| Amounts released from previous years | 17 | 18 |
| Deferred income at 31 August 2014 | <u>20</u> | <u>17</u> |

At the balance sheet date the Academy Trust was holding £7,403 for funds received in advance relating to Special Educational Needs from Cumbria County Council, which covers the period 1 September 2014 to 31 March 2015, £1,008 for the Insurance Grant from the Education Funding Agency for the period September 2013 to December 2013 respectively and £11,976 from the EFA for the Universal Infant Free School Meals Grant for the period 1st September 2014 to 3rd March 2015.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

14. Funds

| | Balance at 1 September 2013 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Gains, Losses and Transfers £'000 | Balance at 31 August 2014 £'000 |
|--------------------------------------|--|--------------------------------|--------------------------------|---|---------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 0 | 568 | -517 | | 51 |
| Start Up Grant | 0 | 0 | | | 0 |
| Other DFE / EFA Grants | 0 | 15 | -15 | | 0 |
| Other Government Grants | 0 | 36 | -36 | | 0 |
| | 0 | 619 | -568 | 0 | 51 |
| Pension Reserve | -111 | | -8 | 28 | -91 |
| | -111 | 619 | -576 | 28 | -40 |
| Restricted fixed assets funds | | | | | |
| DFE / EFA capital grants | 43 | 9 | -11 | | 41 |
| Capital expenditure from GAG | 0 | | | | 0 |
| Private sector capital sponsorship | 0 | | | | 0 |
| | 43 | 9 | -11 | 0 | 41 |
| Total restricted funds | -68 | 628 | -587 | 28 | 1 |
| Unrestricted funds | | | | | |
| Unrestricted funds | 0 | 62 | -62 | | 0 |
| Total Unrestricted funds | 0 | 62 | -62 | 0 | 0 |
| Total Funds | -68 | 690 | -649 | 28 | 1 |

- General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.
- Other revenue grants must be used for specific expenses relating to the running of the Academy including pupil specific funding.
- The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with those costs.
- Capital grants must be used to fund expenditure of a capital nature.

15. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

| | Unrestricted Funds £'000 | Restricted General Funds £'000 | Restricted Fixed Asset Funds £'000 | Total Funds £'000 | Total Funds £'000 |
|--------------------------|--------------------------------|--------------------------------------|---|----------------------|----------------------|
| Tangible fixed assets | | | 41 | 41 | 43 |
| Current assets | | 102 | | 102 | 55 |
| Current liabilities | | -51 | | -51 | -55 |
| Pension scheme liability | | -91 | | -91 | -111 |
| Total net assets | 0 | -40 | 41 | 1 | -68 |

16. Reconciliation of net income to net cash inflow from operating activities

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Net income | 41 | -9 |
| Depreciation | 11 | 11 |
| Capital grants from DFE and other capital income | -9 | -29 |
| Interest receivable | 0 | 0 |
| FRS 17 pension finance income | | |
| Defined benefit scheme actuarial gain / (loss) included in provision | 28 | -8 |
| Decrease in provisions | -20 | 0 |
| (Increase) / decrease in debtors | 11 | -37 |
| Increase / (decrease) in creditors | -4 | 8 |
| | 58 | -64 |

17. Capital expenditure and financial investment

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | -9 | -29 |
| Capital grants from DFE / EFA | 6 | 11 |
| Capital funding received from sponsors and others | 3 | 18 |
| Receipts from sale of tangible fixed assets | 0 | 0 |
| Net cash outflow from capital expenditure an financial investment | 0 | 0 |

18. Analysis of changes in net funds

| | At 1 September 2013 £'000 | Cash flows £'000 | At 31 August 2014 £'000 |
|--------------------------|------------------------------------|---------------------|-------------------------------|
| Cash in hand and at bank | 1 | 58 | 59 |
| | 1 | 58 | 59 |

19. 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.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

20. Pension and similar obligations

The Academy's employees belong to two principal 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 'Your Pension Service' – Lancashire 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 the LGPS 31 March 2013.

Contributions amounting to £6,366 (2013: £7,371) were payable to the schemes at 31 August 2014 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 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pension Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1st 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.

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.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

The Public Services Pension Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in Summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of $1/57^{\text{th}}$; 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.

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1st April 2014. Communications are being rolled out and the reformatted scheme will commence on 1st April 2015.

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 Governor-administered funds. The total contribution made for the year ended 31 August 2014 was £23,859, of which employer's contributions totalled £18,373 and employee's contributions totalled £5,486.

Parliament has agreed, at the request of the Secretary of State for education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18th July 2013.

Principal Actuarial Assumptions

| | At 31 August 2014 | At 31 August 2013 |
|--|-------------------------|-------------------------|
| Rate of increase in salaries | 3.6% | 4.15% |
| Rate of increase for pensions in payment / inflation | 2.1% | 2.4% |
| Discount rate of scheme liabilities | 3.9% | 4.5% |
| Inflation assumption (CPI) | 2.1% | 2.4% |

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

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

| | At 31 August 2014 | At 31 August 2013 |
|----------------------|-------------------------|-------------------------|
| Retiring today | | |
| Males | 23.0 | 22.2 |
| Females | 25.5 | 24.9 |
| Retiring in 20 years | | |
| Males | 24.7 | 24.1 |
| Females | 28.7 | 26.9 |

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

| | Expected return to 31 August 2014 | Fair value at 31 August 2014 £'000 | Expected return to 31 August 2013 | Fair value at 31 August 2013 £'000 |
|-------------------------------------|--|---|--|---|
| Equities | 7.0% | 92 | 7.0% | 69 |
| Bonds | 6.7% | 39 | 7.8% | 36 |
| Property | 6.2% | 12 | 5.7% | 7 |
| Cash / liquidity | 0.5% | 13 | 0.5% | 1 |
| Other | 7.0% | 5 | 7.0% | 6 |
| Total market value of assets | | 161 | | 119 |
| Present value of scheme liabilities | | | | |
| - Funded | | (252) | | (230) |
| Surplus / (deficit) in the scheme | | (91) | | (111) |

The actual return on scheme assets was £12,000

Amounts recognised in the statement of financial activities

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Current service cost (net employee contributions) | 21 | 12 |
| Past service cost | 0 | 0 |
| Total operating charge | 21 | 12 |

Analysis of pension finance income / (costs)

| | | |
|--|----------|----------|
| Expected return on pension scheme assets | -7 | -5 |
| Interest on pension liabilities | 12 | 9 |
| Pension finance income / (costs) | 5 | 4 |

The actuarial gains and losses for the current year 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 £91,000 loss.

ARNSIDE NATIONAL CHURCH OF ENGLAND SCHOOL

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

| | 2014 £000 | 2013 £000 |
|-------------------------|--------------|--------------|
| At 1 September | 230 | 195 |
| Current service cost | 21 | 21 |
| Interest cost | 12 | 9 |
| Employee contributions | 5 | 5 |
| Actuarial (gain) / loss | -16 | 0 |
| Benefits paid | 0 | 0 |
| Past service cost | 0 | 0 |
| Business combinations | 0 | 0 |
| At 31 August | 252 | 230 |

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

| | 2014 £000 | 2013 £000 |
|---------------------------|--------------|--------------|
| At 1 September | 119 | 84 |
| Expected return on assets | 7 | 5 |
| Actuarial gain / (loss) | 12 | 8 |
| Business combinations | 0 | 0 |
| Employer contributions | 18 | 17 |
| Employee contributions | 5 | 5 |
| Benefits paid | 0 | 0 |
| At 31 August | 161 | 119 |

The estimated value of employer contributions for the year ended 31 August 2014 is £18,373.

The history of experience adjustments is as follows:

| | 2014 £000 | 2013 £000 | 2012 £000 |
|---|--------------|--------------|--------------|
| Present value of defined benefit obligations | -252 | -230 | -195 |
| Fair value of share of scheme assets | 161 | 119 | 84 |
| Deficit in the scheme | -91 | -111 | -111 |
| Experience adjustments on share of scheme assets | | | |
| % | 7.5% | 6.7% | 2.4% |
| Experience adjustments on scheme liabilities | | | |
| % | 8.7% | 0.0% | 0.0% |

21. 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 procedures. No related party transactions took place in the period of account.