

**Pershore High School  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**15 Month Period Ended 31 August 2012**

**Company Registration Number:  
07665364 (England and Wales)**

**PERSHORE HIGH SCHOOL**

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**Reference and administrative details**

Trustees and members

Robert Phillips (appointed 10 June 2011)  
Nicholas Young (appointed 10 June 2011)  
Clive Corbett (appointed 10 June 2011)  
Russell Dalton (appointed 1 July 2011)  
Trevor West (appointed 1 July 2011)

Governors

Chair of Governors – Robert Phillips (appointed 10 June 2011)  
Vice Chair - Nicholas Young (appointed 10 June 2011)  
Accounting Officer/Staff Governor – Clive Corbett (Headteacher)  
Director Governor – Russell Dalton (appointed 1 July 2011)  
Director Governor – Trevor West (appointed 1 July 2011)  
Staff Governor – Guy Sampson (appointed 1 July 2011)  
Staff Governor – Anita Iddon (appointed 1 July 2011)  
Staff Governor – Graham Booth (appointed 1 July 2011)  
Parent Governor – Steven Bessant (appointed 1 July 2011)  
Parent Governor – Felicity Ash (appointed 1 July 2011)  
Parent Governor – David Riley (appointed 1 July 2011)  
Parent Governor – Philippa Cavilla (appointed 1 July 2011)  
Governor – Nicola Gow (appointed 1 July 2011)  
Governor – Paul Featonby (appointed 1 July 2011)  
Governor – John Brooks (appointed 1 July 2011)  
Governor – Keith Barnes (appointed 1 July 2011)  
Governor – Thomas MacDonald (appointed 1 July 2011)  
Governor – Kenneth Rowe (appointed 1 July 2011)  
Governor – Lesley Blunt (appointed 1 July 2011)  
Local Authority Governor – Elizabeth Tucker (appointed 1 July 2011)  
Co-opted Governor – Melanie Chippendale (appointed 1 July 2011)

Secretary

Annette Davenport (appointed 1 July 2011)

**PERSHORE HIGH SCHOOL**

Leadership Team  
Clive Corbett – Headteacher  
Phil Hanson – Deputy Head  
Andrew Nockton – Deputy Head  
Graham Booth – Assistant Head  
Jason Howell – Assistant Head  
Russell Dalton – Finance & Business Director  
Zoe Budding – Head of Student Achievement

Registered Office  
Station Road  
Persnore  
Worcestershire  
WR10 2BX

Company Registration Number  
07665364 (England & Wales)

Auditors  
Waugh Haines Rigby Limited  
Chartered Accountant & Statutory Auditor  
18 Miller Court  
Severn Drive  
Tewkesbury  
Gloucestershire, GL20 8DN,

Bankers  
Lloyds TSB  
Evesham (308034) Branch  
PO Box 1000  
BX1 1LT

Solicitors  
Legal and Democratic Services  
Worcestershire County Council  
County Hall  
Spetchley Road  
Worcester, WR5 2NP

Surveyors  
Allen Sheppard and Partners  
The Old Stables  
Hatfield Farm  
Hatfield  
Worcester, WR5 2PZ

## **Governors' Report**

The governors present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2012. The company was incorporated on 10 June 2011 and commenced operating as an Academy on 1 July 2011.

### **Structure, Governance and Management**

#### Constitution

The Academy 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.

The articles of association state that the members of the Academy comprise the signatories of the memorandum, one person appointed by the Secretary of State, the Chairman of the Governors and any person appointed under Article 16. The articles of association state that the members must appoint a minimum of 3 Governors but with no maximum, including staff and parent governors.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on pages 1 & 2. We are undertaking a skills review of governors in order to try and fill any gaps for new governors with the appropriate skills.

#### 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 academy Trust provides indemnity insurance to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

#### Principal Activities

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing an academy offering a broad curriculum with a strong emphasis on, but in no way limited to Technology, Mathematics and Computing.

#### Method of Recruitment and Appointment or Election of Governors

The Governing body should be no bigger than 21 in number. Five of the Governors are Director Governors. The Headteacher is a Governor. A maximum of seven Governors are elected by the parental body as Parent Governors. Three of the Governors are elected by the staff of the school as Staff Governors. One Governor is nominated by Worcestershire County Council. A maximum of 9 appointed Governors and 3 Co-opted Governors.

#### Policies and Procedures Adopted for the Induction and Training of Governors.

Training and induction for Governors will depend on their prior experience and/or knowledge. Most induction is carried out "in house", but external trainers may be brought in, or governors may attend external training provision as appropriate. All new Governors are expected to attend a training run by the Local Authority. Governors are provided with copies of all the documents that they will need to undertake their role.

Organisational Structure

The full Governing Body meets formally three times per year. Discussions are held and decisions are made or ratified as appropriate. There are three main committees which meet four-five times per year: Finance, Policy and Operations (F, P & O), Staffing and School Improvement. These committees provide the opportunity for detailed discussion and policy development. Interim decisions are reached at committee for ratification at full Governing Body meetings. The day to day running of the Academy is delegated to the Leadership Team (LT) who report back to the Governors' committees as appropriate.

Risk Management

The Academy has an ongoing risk management process. Overall responsibility for risk management rests with the Governing Body. The F, P & O committee, in conjunction with the LT, regularly monitors the type of risk the Academy faces, monitoring any changing levels of risk and identifying newly emerging risks. Current areas for close monitoring include reduction in student numbers, changes to the funding formula and longer term financial planning, finding alternative sources of income, establishing a succession plan for governors and increasing their awareness of what being an academy involves.

Connected Organisations, including Related Party Relationships

There were some related party relationships which are acknowledged at the Governors' meetings through the pecuniary interest forms, and any financial transactions are disclosed in the notes to the accounts. From the 19<sup>th</sup> January 2012 the Academy has a new trading company set up, and this is a wholly owned subsidiary of the Academy. In accordance with section 405 paragraph 2 of the Companies Act 2006 group accounts have not been prepared on the basis that the subsidiary is deemed immaterial for the purpose of giving a true and fair view. Separate accounts will be prepared and submitted in due course in accordance with company law.

**Objectives and Activities**

Objects and Aims

The main aim of Pershore High School Academy Trust over the 14 month period was to create a stable environment following incorporation, ensuring that the high standards set by the school were maintained. Within this environment, our aim was to use the freedoms brought by Academy Status to lay down the foundations of new initiatives to further enhance the quality of teaching and learning in the school, thereby maximising the opportunities for all students to realise their full potential.

Objectives, Strategies and Activities

The main focus for the school development plan during this period was to raise standards of Student Achievement and Academic Monitoring, Teaching and Learning, Strategic Planning, Leadership and Management and Academy and Specialist Activities. The school is striving to create an environment in which each individual is given the opportunity to maximise their potential in all areas of the school. With this in mind we have looked to offer a broad and balanced curriculum.

To facilitate this we began to develop a 5 year plan for the school, focusing both upon the key areas of the school development plan and more general targets related to the schools development and growth to 2017. We further strengthened governance through academy board decisions on its composition and powers. A succession strategy is in place, along with Strategy and Vision groups of both Governors and staff. The key emphasis of Leadership and Management remains the quality of teaching and learning and student achievement. Academic monitoring has been facilitated with the introduction and imbedding of a house system based upon vertical tutoring, under the overall charge of a newly appointed Head of Student Achievement. The emphasis is upon tutors developing an increasingly academic role in working together with subject staff to raise levels of student achievement at all ages. A particularly key element of the tutors work will be the learning conversations and academic guidance that follows them.

## PERSHORE HIGH SCHOOL

### Public Benefit

In setting the objectives, the Trustees have given careful consideration to the charity commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

### Achievements and Performance

Currently OFQUAL are continuing to investigate irregularities in the grading of GCSE English Language exams.

Please note that these statistics are calculated on 239 Year 11 students on roll in January 2012.

97% of these 239 students achieved 5 or more GCSE grade A\* - G passes.

70% of these 239 students achieved 5 or more GCSE grade A\*-C passes.

50% of these 239 students achieved 5 or more GCSE grade A\* - C passes (incl English & Maths)

41% of these students gained A\*-C grades in 9 or more subjects, many of them mainly A\*, A or B grades.

### **GCSE Results 2012**

Year	11	A*	A	B	C	D	E	F	G	U	Abs	A*-C	A*-G
2012	%	7.7	14	22.1	28.2	17.5	6.2	3.1	0.7	0.2	1	72	99.8

### **A level results (A2) 2012**

YEAR 13	Entries	A*	A	B	C	D	E	U	A-C	A-E	Average Points Score
2011	%	5.8	20	26.1	25.2	17.9	4.4	0.5	77.1	99.5	818.7

### **Performance Against Targets**

Targets	Target 2012	Actual 2012	Target 2013	
<b>GCSE</b>	Five or more grades A* - C	81%	70%	80%
	GCSE inc Maths & English	68%	50%	70%

### Going Concern

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

### Key Performance Indicators

The Academy uses the attainment of 5 A\*-C GCSE grades as the main KPI for the delivery of its primary objective, together with retaining or improving on its Good with outstanding features reports from its Ofsted visits and internal assessments. Finally the Academy uses the number of students in the Academy as a Key KPI along with the level of reserves available to continue the improvement of the site, facilities and curriculum development.

### **Financial Review**

The accounting period has been extended and runs from 1 July 2011 to 31 August 2012. The majority of the Academies income is obtained from the YPLA/EFA in the form of recurrent grants and the use of which is restricted to particular purposes. The grants received from the YPLA/EFA during the period ended 31 August 2012 and the associated expenditure is shown as restricted funds in the statement of financial activities.

Financial and Risk Management Objectives and Policies

To support the conversion to an Academy external advice was obtained to assist in the conversion process. A new risk management strategy was adopted by the Governors and a risk register compiled following a thorough review of all risks perceived by the Governors and LT to the Academy. This is reviewed periodically by the F, P & O Committee. External auditors were appointed and the Academy Finance Manual was reviewed to ensure its appropriateness for the new Academy.

Principal Risks and Uncertainties

The principal risk areas are the protection of pupils, staff and assets as well as maintaining pupil numbers in order to manage the financial risks. Systems and procedures to minimise these are constantly being reviewed and updated.

Reserves Policy

The Directors in conjunction with the main board of governors need to review the resources of the Academy and recognise the need to have sufficient reserves to protect against possible reductions in the funding. The reserves will be held in line with the DfE guidelines. The policy will aim to carry forward sufficient funds to meet the Academy's long term aims and objectives, ensuring that this does not affect its current operational activities.

Investment Policy

The Finance and Business Director, together with the Business Manager, will ensure that any surplus funds are deposited to maximise interest whilst maintaining a safe and secure investment strategy.

**Plans for Future Periods**

In the short term, the main focus is to build upon the school's reputation for outstanding teaching and learning. To facilitate this we have introduced a new proforma for Learning Walks and formal Lesson Observations, based upon the more stringent new OFSTED criteria. This has led to further raised expectations in the classroom and an additional emphasis upon the loop of feedback on work through the introduction of a marking stamp - Teachers comment of What Went Well (www) and Even Better If (ebi) and students respond.

**Funds held as Custodian Trustee on behalf of others**

The Academy does not hold any funds as custodian Trustee on behalf of others

**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.

Approved by order of the members of the Governing Body on 12 December 2012 and signed on its behalf by:

.....  
**Rob Phillips**  
**Chair**

## Governance Statement

### Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Pershore 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 Pershore High 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 governing body comprises 21 members; five of the Governors are Director Governors. The Headteacher is a Governor. A maximum of seven Governors are elected by the parental body as Parent Governors. Three of the Governors are elected by the staff of the school as Staff Governors. One Governor is nominated by Worcestershire County Council. A maximum of 9 appointed Governors and 3 Co-opted Governors. The Full Governing Body meets 3 times a year, there is a Chair and Vice Chair who are elected each year.

There are three main committees which meet four-five times per year: Finance, Policy and Operations (F, P & O), Staffing and School Improvement. Each subcommittee has a Chair and Vice Chair who are elected each year and terms of reference are also agreed annually. Although the Chair of Governors can be a member of the F, P & O committee they are not allowed to chair it.

Each meeting is duly minuted and attendance records are kept, absence from three consecutive meetings could result in dismissal from the Governing Body. Competences of all Governors are considered prior to inclusion onto the Governing Body, these are further scrutinised prior to acceptance onto the F, P & O Committee to ensure a thorough mix of knowledge and experience is available to give complete professional judgement on all decisions made. The main challenge that the Governors have has to deal with in this period is understanding all of the regulations that appertain to Academies and ensuring they are implemented correctly.

The following table show governor attendance at meetings.

NAME OF GOVERNOR	MEETINGS (September 2011 – December 2012)						
	Full	Acad Brd	Pol Fin	Strat/Vi s	S.I.	Staffing	Pol Rev
Rob Phillips	4 / 4	5 / 5	6 / 7	5 / 6	3 / 4	3 / 4	-
Nick Young	3 / 4	5 / 5	5 / 7	5 / 6	1 / 4	1 / 4	-
Felicity Ash	3 / 4	-	-	-	0 / 4	-	-
Keith Barnes	4 / 4	-	-	-	-	-	-
Steve Bessant	3 / 4	-	3 / 6	-	-	-	6 / 6
Lesley Blunt	4 / 4	-	-	-	4 / 4	-	-
Graham Booth	4 / 4	-	4 / 7	-	-	-	-
John Brookes	4 / 4	-	3 / 7	-	-	4 / 4	-
Pip Cavilla	4 / 4	-	-	-	-	-	5 / 6

Richard Charles	1 / 1	-	-	-	-	-	-
Melanie Chippendale	3 / 4	-	-	-	-	-	4 / 6
Russell Dalton	4 / 4	5 / 5	7 / 7	2 / 6	-	4 / 4	-
Richard Evans	1 / 1	-	-	-	-	-	-
Paul Featonby	3 / 4	-	-	5 / 6	-	3 / 4	-
Nicola Gow	3 / 4	-	3 / 7	2 / 6	2 / 4	4 / 4	-
Anita Iddon	4 / 4	-	-	-	4 / 4	-	-
Tom McDonald	2 / 4	-	-	-	-	-	-
David Riley	3 / 4	-	-	-	-	-	-
Ken Rowe	4 / 4	-	6 / 7	-	-	-	-
Guy Sampson	4 / 4	-	-	-	-	-	-
Liz Tucker	4 / 4	-	5 / 7	-	-	-	-
Trevor West	4 / 4	5 / 5	6 / 7	6 / 6	-	3 / 4	-
Clive Corbett	4 / 4	5 / 5	7 / 7	6 / 6	4 / 4	4 / 4	-

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Pershore High School Academy 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 delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, together with the Finance and Business Director 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 Pershore High School Academy 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 as well as making recommendations for improvement.

The Finance and Business Director has developed a system of controls and checks and holds regular meetings with the Headteacher to review finances. The Finance Manual details the procedures and systems to be used by all budget holders. A copy of the manual is available to all budget holders and staff are aware that all purchases and contracts must be entered into only by the Headteacher and/or the Finance and Business Director depending on value.

## Governance Statement (continued)

### The Risk and Control Framework

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

- Significantly improved comprehensive budgeting and monitoring systems with an annual budget and regular financial reports which are reviewed and agreed by the governing body;
- Regular reviews by the F, P & O Committee of reports which indicate financial performance against the forecasts and of major contracts, purchase plans and expenditure programmes;
- Setting targets to measure financial and other performance;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The LT review and update the Risk Register quarterly and report to the F, P & O Committee. The role of the F, P & O Committee is to challenge the LT on the identification of risks, the management action taken and the residual risks. The F, P & O Committee reports the Risk Register to the Full Governing Body giving its views.

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor although this may be reviewed from time to time. However, the Governors have appointed a Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO has reported 3 times to the governing body during the period to 31 August 2012 on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. In the instances where the RO has made recommendations for improvement, these have been discussed with the Finance and Business Director and where appropriate implemented.

These arrangements can provide only reasonable 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.

### Review of Effectiveness

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

- Feedback from the F, P & O Committee. The structure of the committees has been reviewed and the Finance and Premises Committees now meet jointly, as the F, P & O Committee, to ensure all decisions that have a financial impact on the Academy are taken together.
- Feedback from the Finance and Business Director and the Chair of the F, P & O Committee.
- Feedback and reports from the RO, as described above.
- Feedback from external advisors.

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

Approved by order of the members of the Governing Body on 12 December 2012 and signed on its behalf by:

.....  
**Rob Phillips**  
Chair

.....  
**Clive Corbett**  
Accounting Officer

**Statement on Regularity, Propriety and Compliance**

As accounting officer of Pershore High School Academy Trust 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 had due regard to the requirements of the Academies Financial Handbook.

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

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

**Clive Corbett**  
Accounting officer

## Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities and are also directors of Pershore High School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the year. 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy 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 academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the YPLA/EFA and DfE have been applied for the purposes intended.

In so far as the Governors are aware:

- there is no relevant audit information of which the academy'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 Governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 12 December 2012 and signed on its behalf by:

**Rob Phillips**  
Chair

## **Independent Auditor's Report to the Members of Pershore High School**

We have audited the financial statements of Pershore High School 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. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (Financial Reporting Standard for Smaller Entities (effective April 2008)) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

### **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 11, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

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 trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; 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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 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 (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

*(Continued)*

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Annual Report for the financial year 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's exemption in preparing the directors' report.

*Robert Stokes FCCA (Senior Statutory Auditor)*

*For and on behalf of Waugh Haines Rigby Limited, Statutory Auditor*

*18 Miller Court,  
Severn Drive  
Tewkesbury  
Glos GL20 8DN*

## **Independent Reporting Accountant's Assurance Report on Regularity to Pershore High School 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 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pershore High School during the period 10 June 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 Pershore High 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 Pershore High 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 Pershore High School and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Pershore High School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Pershore High School's funding agreement with the Secretary of State for Education dated 30 June 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2011/12. 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 period 10 June 2011 to 31 August 2012 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 2011/12 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 involved;

- reviewing minutes and discussing activities with the Accounting Officer and business manager
- reading the Accounting Officers statement on compliance
- testing the control environment, particularly with regard to the delegated powers over expenditure
- obtaining grant documentation to understand restrictions placed upon funds
- reviewing the declaration of interests for evidence of potential related party transactions
- reviewing expenditure for likely personal expenditure

(continued)

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 10 June 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.

Waugh Haines Rigby Limited (Chartered Accountants)

18 Miller Court  
Severn Drive  
Tewkesbury  
Glos GL20 8DN

**Statement of Financial Activities for the 15 month period ended 31 August 2012  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Not e	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2012 £000</b>
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Voluntary income	3	82	-	-	<b>82</b>
Transfer from local authority on conversion	29	2	-	11,630	<b>11,632</b>
Activities for generating funds	4	320	-	-	<b>320</b>
Investment income	5	2	-	-	<b>2</b>
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	6	-	7,334	87	<b>7,421</b>
<b>Total incoming resources</b>		<b>406</b>	<b>7,334</b>	<b>11,717</b>	<b>19,457</b>
<b>Resources expended</b>					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	-	-	-
Fundraising trading		287	-	-	<b>287</b>
<i>Charitable activities:</i>					
Academy's educational operations	8	-	6,949	186	<b>7,135</b>
Governance costs	9	-	95	-	<b>95</b>
<i>Other resources expended:</i>					
Transfer from local authority on conversion	29	102	1,520	-	<b>1,622</b>
<b>Total resources expended</b>	7	<b>389</b>	<b>8,564</b>	<b>186</b>	<b>9,139</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>17</b>	<b>(1,230)</b>	<b>11,531</b>	<b>10,318</b>
Gross transfers between funds	17	(2)	-	2	-
<b>Net income/(expenditure) for the year</b>		<b>15</b>	<b>(1,230)</b>	<b>11,533</b>	<b>10,318</b>
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined benefit pension schemes	17, 27	-	(173)	-	<b>(173)</b>
<b>Net movement in funds</b>		<b>15</b>	<b>(1,403)</b>	<b>11,533</b>	<b>10,145</b>
<b>Reconciliation of funds</b>					
Funds brought forward to 10 June 2011	17	-	-	-	-
<b>Funds carried forward at 31 August 2012</b>		<b>15</b>	<b>(1,403)</b>	<b>11,533</b>	<b>10,145</b>

All of the Academy's activities derive from acquisitions in the current financial period.

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

PERSHORE HIGH SCHOOL

Balance sheet as at 31 August 2012

	Notes	2012 £000	2012 £000
<b>Fixed assets</b>			
Tangible assets	13		11,607
<b>Current assets</b>			
Stock	14	-	
Debtors	15	68	
Cash at bank and in hand		529	
		<u>597</u>	
<b>Creditors:</b> Amounts falling due within one year	16	(318)	
<b>Net current assets</b>			<u>279</u>
Total assets less current liabilities			11,886
<b>Net assets excluding pension liability</b>			11,886
Pension scheme liability	27		(1,741)
<b>Net assets including pension liability</b>			<u>10,145</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset fund(s)	17		11,533
General fund(s)	17		338
Pension reserve	17		(1,741)
<b>Total restricted funds</b>			<u>10,130</u>
<b>Unrestricted funds</b>	17		15
<b>Total funds</b>			<u>10,145</u>

These accounts have been prepared in accordance with [the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)].

The financial statements on pages 16 to 36 were approved by the Governors, and authorised for issue on 12 December 2012 and are signed on their behalf by:

.....  
**Rob Phillips**  
**Chair**

Company Limited by Guarantee  
 07665364 (England and Wales)

**Cash Flow Statement for the 15 month period ended 31 August 2012**

	Notes	2012 £000
<b>Net cash inflow from operating activities</b>	21	648
Returns on investments and servicing of finance	22	2
Capital expenditure	23	(121)
Cash transferred on conversion to an academy trust	29	-
<b>(Decrease)/Increase in cash in the year</b>	24	<u>529</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 10 June 2011		-
<b>Net funds at 31 August 2012</b>		<u>529</u>

All of the cash flows are derived from acquisitions in the current financial period.

## Notes to the Financial Statements for the 15 Month Period Ended 31 August 12

### 1 Accounting Policies

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual Academies Accounts Direction 2011/12 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 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 Academy 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. The Academy has a funding agreement in place with the Secretary of State for Education which is for 7 years, with a 7 year notice period.

#### 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. The GAG grants are recorded in the year of receipt in accordance with the grant documentation provided by the EFA. Fixed asset grants are recorded as income in the period of receipt even if the expenditure has not occurred within the period. The unspent grant is recorded within the restricted fixed asset reserve and is reduced by the annual depreciation charge.

- **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.

**Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)**

**1 Accounting Policies (continued)**

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies.

**Resources Expended**

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Conversion to an Academy**

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

The assets and liabilities transferred on conversion from Pershore High School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Pershore High School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income / net expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. The assets transferred in include the Academy's operational land and buildings which have been included on a depreciated replacement cost, alongside assets within the buildings that are considered to still have value. The pension scheme deficit in respect of the LGPS has been included at the value provided by the actuary in their formal period end valuation. Further details of the transaction are set out in note 29.

**Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)**

**1 Accounting Policies (continued)**

**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/reducing balance basis over its expected useful lives, as follows:

Long leasehold buildings	50 years
Fixtures, fittings and equipment	10% straight line
ICT equipment	33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

**Investments**

The academy's shareholding in the wholly owned subsidiary, Pershore High School Trading Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

**Leased Assets**

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

**Stock**

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

**Taxation**

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

**Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)**

**1 Accounting Policies (continued)**

**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 27, 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 Education Funding Agency/Young People's Learning Agency/Department for Education/sponsor/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 Education Funding Agency/Young People's Learning Agency/Department for Education.

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

2 General Annual Grant (GAG)

<b>a</b>	<b>Results and carry forward for the year</b>	<b>2012</b>
		<b>£000</b>
	GAG brought forward from previous year	-
	GAG allocation for current year	7,221
	<b>Total GAG available to spend</b>	<u>7,221</u>
	Recurrent expenditure from GAG	(6,966)
	Fixed assets purchased from GAG	-
	<b>GAG carried forward to next year</b>	<u>255</u>
	Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(867)
	<b>GAG to surrender to DfE</b>	<u>(612)</u>
	(12% rule breached if result is positive)	no breach
<b>b</b>	<b>Use of GAG brought forward from previous year for recurrent purposes</b>	
	(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)	
	Recurrent expenditure from GAG in current year	6,966
	GAG allocation for current year	(7,221)
	GAG allocation from previous year x 2%	-
	<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<u>(255)</u>
	(2% rule breached if result is positive)	no breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Capital grants	-	-	-
Private sponsorship	-	-	-
Other donations	82	-	82
	<u>82</u>	<u>-</u>	<u>82</u>

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Hire of facilities	198	-	198
Music tuition	8	-	8
Catering income	114	-	114
	<u>320</u>	<u>-</u>	<u>320</u>

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Short term deposits	2	-	2
	<u>2</u>	<u>-</u>	<u>2</u>

6 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
<b>DfE/YPLA/EFA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	7,221	7,221
Start Up Grants	-	25	25
Other DfE/YPLA/EFA grants	-	2	2
	<u>-</u>	<u>7,248</u>	<u>7,248</u>
<b>Other Government grants</b>			
Local authority grants	-	-	-
Special educational projects	-	86	86
	<u>-</u>	<u>86</u>	<u>86</u>
	<u>-</u>	<u>7,334</u>	<u>7,334</u>

7 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2012 £000
		Premises £000	Other Costs £000	
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds	117	79	91	287
Academy's educational operations				
Direct costs	5,104	593	489	6,186
Allocated support costs	648	105	196	949
	<u>5,869</u>	<u>777</u>	<u>776</u>	<u>7,422</u>
Governance costs including allocated support costs	60	-	35	95
	<u>5,929</u>	<u>777</u>	<u>811</u>	<u>7,517</u>

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

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

7 Resources Expended (continued)

2012  
£000

Incoming/outgoing resources for the year include:

Operating leases	26
Fees payable to auditor	
Audit	5
Other services	3
Profit/(loss) on disposal of fixed assets	-
	<hr/>

8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
<b>Direct costs</b>			
Teaching and educational support staff costs	-	5,104	5,104
Depreciation	-	116	116
Educational supplies	-	127	127
Examination fees	-	246	246
Staff development	-	-	-
Educational consultancy	-	-	-
Other direct costs	-	593	593
	<hr/>	<hr/>	<hr/>
	-	6,186	6,186
<b>Allocation supported costs</b>			
Support staff costs	-	648	648
Depreciation	-	70	70
Recruitment and support	-	-	-
Maintenance of premises and equipment	-	67	67
Cleaning	-	9	9
Rent & rates	-	11	11
Insurance	-	18	18
Security and transport	-	-	-
Catering	-	-	-
Bank interest and charges	-	-	-
Other support costs	-	126	126
	<hr/>	<hr/>	<hr/>
	-	949	949
	<hr/>	<hr/>	<hr/>
	-	7,135	7,135

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

9 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Legal and professional fees	-	14	14
Auditor's remuneration			
• Audit of financial statements	-	3	3
• Responsible officer audit	-	-	-
• Accountancy, taxation and other services	-	2	2
Support staff costs:	-	73	73
Governors' reimbursed expenses	-	3	3
	<hr/>	<hr/>	<hr/>
	-	95	95

10 Staff Costs

	2012 £000
Staff costs during the period were:	
Wages and salaries	4,800
Social security costs	351
Pension costs	733
	<hr/>
	5,884
Supply teacher costs	45
Compensation payments	-
	<hr/>
	5,929

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

	2012 Number	2012 Full-time equivalent
<b>Charitable Activities</b>		
Teachers	123	95.6
Administration and support	83	47.9
Management	7	7
	<hr/>	<hr/>
	213	150.5

The management team includes 6 members of staff who also have teaching responsibility,

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

	2012 £000
£60,001 - £70,000	1
£90,001 - £100,000	1
	<hr/>
	2

**Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)****10 Staff Costs (continued)**

80 of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £284,880. 67 other employees participated in the Local Government Pension Scheme. Pension contributions amounted to £221,669.

**11 Governors' Remuneration and Expenses**

Headteacher and staff governors (trustee governors) only received remuneration in respect of services they provided undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration (gross and employers pension contribution) was as follows (please note this is for a 14 month period):

Headteacher	£103,254
Staff Governor	£73,025
Staff Governor	£58,638
Staff Governor	£53,396
Staff Governor	£36,143

During the year 1 July to 31 August 2012, travel and subsistence expenses totalling £2,889 were reimbursed to 5 Governors. Related party transactions involving the governors are set out in note 28.

**12 Governors' and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the period ended 31 August 2012 was £2,077.

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

**13 Tangible Fixed Assets**

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	<b>Total £000</b>
<b>Cost</b>				
Transfer on conversion	11,621	7	4	<b>11,632</b>
Additions	154	21	33	<b>208</b>
Disposals	-	-	-	
At 31 August 2012	<u>11,775</u>	<u>28</u>	<u>37</u>	<u><b>11,840</b></u>
<b>Depreciation</b>				
Charged in year	224	1	8	<b>233</b>
Disposals	-	-	-	
At 31 August 2012	<u>224</u>	<u>1</u>	<u>8</u>	<u><b>233</b></u>
<b>Net book values</b>				
At 31 August 2012	<u>11,551</u>	<u>27</u>	<u>29</u>	<u><b>11,607</b></u>

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

**14 Stock**

	<b>2012 £000</b>
Clothing	-
Catering	-
	<u>-</u>

**15 Debtors**

	<b>2012 £000</b>
Trade debtors	6
Prepayments	39
Other debtors	23
	<u>68</u>

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

	<b>2012 £000</b>
Trade creditors	64
Other taxation and social security	166
Other creditors	29
Accruals and deferred income	59
	<u>318</u>

**Deferred income**

	<b>2012 £000</b>
Deferred Income at 10 June 2011	-
Resources deferred in the year	-
Amounts released from previous years	-
	<u>-</u>
Deferred Income at 31 August 2012	<u>-</u>

## Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

## 17 Funds

	Balance at 10 June 2011 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2012 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	7,221	(6,966)	-	255
Start Up Grant	-	25	(25)	-	-
Other DfE/YPLA/EFA grants	-	88	(5)	-	83
	-	7,334	(6,996)	-	338
Pension reserve	-	-	(1,568)	(173)	(1,741)
	-	7,334	(8,564)	(173)	(1,403)
<b>Restricted fixed asset funds</b>					
DfE/YPLA/EFA capital grants	-	87	(89)	2	-
Capital expenditure from GAG	-	-	-	-	-
Transfer from predecessor	-	11,630	(97)	-	11,533
	-	11,717	(186)	2	11,533
<b>Total restricted funds</b>	-	19,051	(8,750)	(171)	10,130
<b>Unrestricted funds</b>	-	406	(389)	(2)	15
<b>Total funds</b>	-	19,457	(9,139)	(173)	10,145

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

The restricted general fund includes grants receivable from the YPLA/EFA/DfE, local authority and other government grants to be used for the primary activity of the charitable company.

The fixed asset fund relates to the grants received and assets donated/transferred in and are held for the charitable company's primary activity.

## 18 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	74	-	11,533	11,607
Current assets	-	597	-	597
Current liabilities	(59)	(259)	-	(318)
Pension scheme liability	-	(1,741)	-	(1,741)
<b>Total net assets</b>	15	(1,403)	11,533	10,145

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

19 Capital commitments

	2012 £000
Contracted for, but not provided in the financial statements	<u>306</u>

20 Financial commitments

*Operating leases*

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

	2012 £000
<b>Land and buildings (no quantification as lease is at peppercorn rent)</b>	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
	<u>-</u>
<b>Other</b>	
Expiring within one year	-
Expiring within two and five years inclusive	24
Expiring in over five years	1
	<u>25</u>

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

	2012 £000
Net income	10,321
Depreciation (note 13)	233
Capital grants from DfE/YPLA/EFA and other capital income	(87)
Interest receivable (note 5)	(2)
Pension transfer in	1,520
FRS 17 pension cost less contributions payable (note 27)	149
FRS 17 pension finance income (note 27)	(106)
Assets transferred in	(11,630)
(Increase)/decrease in debtors	(68)
(Increase)/decrease in creditors	318
<b>Net cash inflow from operating activities</b>	<u>648</u>

22 Returns on investments and servicing of finance

	2012 £000
Interest received	2
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>2</u>

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

**23 Capital expenditure and financial investment**

	<b>2012</b> <b>£000</b>
Purchase of tangible fixed assets	(11,840)
Capital grants from DfE/YPLA/EFA	87
Capital funding received from sponsors and others	-
Receipts from sale of tangible fixed assets	-
Transfer from predecessor	11,632
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>(121)</u>

**24 Analysis of changes in net funds**

	At 10 June 2011 £000	Cash flows £000	<b>At 31 August 2012 £000</b>
Cash in hand and at bank	<u>-</u>	<u>529</u>	<u><b>529</b></u>
	-	529	<b>529</b>

**25 Contingent Liabilities**

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant of whatever amount was received, the company shall, if it does not reinvest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale of disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the company serving notice, the company shall repay to the Secretary of State sums determined by reference to;

- The value at the time the Academy's site and premises and other assets held for the purposes of the company, and
- The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

**26 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.

**27 Pension 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 Worcestershire 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 contributions amounting to £75,409 were payable to the schemes at 31 August and are included within creditors.

## Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

### 27 Pension and similar obligations (continued)

#### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates 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 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

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

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.

**Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)**

**27 Pension and similar obligations (continued)**

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

**Local Government Pension Scheme**

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2012 was £287,000, of which employer's contributions totalled £222,000 and employees' contributions totalled £65,000. The agreed contribution rates for future years are 19.2% for employers and 5-6% for employees.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

**Principal Actuarial Assumptions**

	<b>At 31 August 2012</b>
Rate of increase in salaries	3.8%
Rate of increase for pensions in payment / inflation	2.3%
Discount rate for scheme liabilities	4.5%
Inflation assumption (CPI)	2.3%
Commutation of pensions to lump sums	50%

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

	<b>At 31 August 2012</b>
<i>Retiring today</i>	
Males	22.4
Females	24.9
<i>Retiring in 20 years</i>	
Males	24.2
Females	26.9

## Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

## 27 Pension 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 2012	Fair value at 31 August 2012 £000
Equities	7.0%	288
Bonds	3.4%	14
Property	6%	-
Cash	0.5%	6
Other	7.0%	10
<b>Total market value of assets</b>		318
Present value of scheme liabilities		
- Funded		(2,059)
<b>Surplus/(deficit) in the scheme</b>		(1,741)

The expected return on assets is based on the long-term future expected investment return for each asset class, and is net of an assumed net investment expenses. The recommended return assumptions are derived from a Mercer Limited model. The model is used to calculate simulations and produce an expected return with the only exception being bond assets which uses yields applicable at the accounting date of suitable indices.

The actual return on scheme assets was £(6,000).

**Amounts recognised in the statement of financial activities**

	2012 £000
Current service cost (net of employee contributions)	177
Past service cost	-
Total operating charge	177
<b>Analysis of pension finance income / (costs)</b>	
Expected return on pension scheme assets	(13)
Interest on pension liabilities	106
<b>Pension finance income / (costs)</b>	93

The actual 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 £173,000 loss.

Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2012 £000
<b>At 10 June 2011</b>	-
Current service cost	177
Past service cost	-
Interest cost	106
Employee contributions	65
Actuarial (gain)/loss	154
Curtailments and settlements	-
Benefits paid	37
Business combination	1,520
<b>At 31 August</b>	<u>2,059</u>

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

	2012 £000
<b>At 10 June 2011</b>	-
Expected return on assets	13
Actuarial gain/(loss)	(19)
Employer contributions	222
Employee contributions	65
Assets distributed on settlements	-
Transfer in of new members	-
Benefits paid	37
<b>At 31 August</b>	<u>318</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £171,000

The five-year history of experience adjustments is as follows:

	2012 £000
<b>Present value of defined benefit obligations</b>	(2,059)
<b>Fair value of share of scheme assets</b>	318
<b>Surplus/(Deficit) in the scheme</b>	<u>(1,741)</u>
<b>Experience adjustments on share of scheme assets</b>	<u>(19)</u>
<b>Experience adjustments on scheme liabilities:</b>	<u>-</u>

**Notes to the Financial Statements for the 15 Month Period Ended 31 August 2012 (continued)****28 Related Party Transactions**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. During this period the following transactions with related parties for reimbursement of expenses were:

Russell Dalton	£1,575
Clive Corbett	£1,102
Anita Iddon	£144
Graham Booth	£34
Guy Sampson	£34

**29 Conversion to an Academy Trust**

On 1 July 2011 the Pershore High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Pershore High School from the Worcestershire County Council Local Authority for £nil consideration.

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

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

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets				
Freehold / leasehold land and buildings	-	-	11,630	11,630
Other tangible fixed assets	-	-	2	2
Budget surplus / (deficit) on LA funds	(102)	-	-	(102)
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(1,520)	-	(1,520)
Borrowing obligations	-	-	-	-
Other identified assets and liabilities	-	-	-	-
<b>Net assets / (liabilities)</b>	<u>(102)</u>	<u>(1,520)</u>	<u>11,632</u>	<u>10,010</u>

The above net assets/liabilities include £nil that were transferred as cash.

The land and buildings that the Academy operates from have been transferred to them under a 125 year lease from Worcestershire County Council for a peppercorn rent.