

Registered number: 07682819

**THE COMMONWEAL SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2014

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<b>Trustees</b>	J Bakker, Chair <sup>3,4</sup> P Clarke <sup>1</sup> A G Curnock (resigned 25 November 2013) <sup>1</sup> K Defter, Headteacher <sup>1,3,4</sup> J K Evans <sup>3</sup> E J Ford <sup>2</sup> E B Glennie <sup>2</sup> H L Harris, Staff Governor (resigned 14 October 2013) <sup>3</sup> D M Mason, Chair of Curriculum <sup>2,4</sup> C Morgan (resigned 28 April 2014) <sup>3</sup> J D Robinson, Chair of Finance and Planning <sup>1,4</sup> R J Shimwell, Vice Chair <sup>3,4</sup> D P Skinner <sup>1</sup> N Weaver, Staff Governor <sup>3</sup> M Williams, Vice Chair <sup>1,4</sup> G A Williams, Staff Governor <sup>2</sup> J Birnie <sup>2</sup> S Busuttil <sup>2</sup> A Edwards <sup>2</sup> S W Grist <sup>1</sup> N Gudgeon (appointed 3 February 2014) <sup>3</sup> C O'Sullivan (appointed 3 February 2014) <sup>3</sup> G Parmenter (appointed 3 February 2014) <sup>1</sup> L Whetman (appointed 1 January 2014) <sup>2</sup> D Wilson (appointed 3 February 2014) <sup>1</sup>
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<sup>1</sup> Finance and Planning committee

<sup>2</sup> Curriculum committee

<sup>3</sup> Personnel and Student Welfare committee

<sup>4</sup> Chairs' Coordinating Group

**Company registered number** 07682819

**Principal and Registered office** Old Town  
The Mall  
Swindon  
Wiltshire  
SN1 4JE

**Accounting Officer** K Defter

**Senior management team** K Defter, Headteacher & Accounting Officer  
B Linnegar, Deputy Headteacher  
P Battye, Assistant Headteacher  
C Drew, Assistant Headteacher  
J Matcham, Assistant Headteacher, Head of Sixth Form  
S Cutler, Senior Teacher  
V Johnson, Business Manager  
L Pardy, Interim Business Manager  
L Forrester, Seconded to SMT- Senior Teacher

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**Administrative details (continued)**

**Independent auditors**      Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

**Bankers**                      Lloyds Bank Plc  
5 High Street  
Swindon  
SN1 3EN

**Solicitors**                    Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

**THE COMMONWEAL SCHOOL  
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**TRUSTEES' REPORT  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the period ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

**MATTERS OF NOTE**

- Best ever GCSE results.
- Buildings- The new Sixth Form was completed in July 2014, officially opening in September 2014. The on-going refurbishment of the PI Unit, completion December 2014 and the refurbishment of two science blocks.
- Organisation and Structure- The recruitment of 26 new members of staff for the 2014/15 academic year.
- Governance- The appointment in October 2013 of a new Chair of Governors – Dr Jokie Bakker.
- Ofsted- A Good Ofsted Inspection in February 2014.
- Finance: all statutory requirements met, with a balanced budget, good financial controls and predicted stability of student numbers for the foreseeable future.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

The Trustees of The Commonweal School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Commonweal School.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**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 they cease to be a member.

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £2 million.

**TRUSTEES**

**Method of recruitment and appointment or election of Trustees**

On 1 August 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

**THE COMMONWEAL SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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The Academy shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 10 Appointed Trustees who are appointed by members.
- Up to 7 Parent Trustees who are elected by Parents of registered students at the Academy (a minimum of 2 Parent Governors to be in office at any time).
- Up to 3 staff Trustees appointed by the school staff, including a minimum of one teacher and one support staff member.
- The Headteacher who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

C O'Sullivan is considered to be an Associate Governor and was incorrectly registered at Companies House during the year. This matter is to be corrected in the near future.

**Policies and Procedures adopted for the Induction and Training of Trustees**

The Academy has implemented a Trustee Recruitment, Induction and Training policy. This is available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**Organisational Structure**

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 committees as follows;

- Finance and Planning Committee - this meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial and premises management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Internal Auditor and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment and examinations.
- Personnel and Student Welfare Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to staffing, including safeguarding of children.
- Chairs' Coordinating Group – this meets regularly between meetings of the Full Governing Body to coordinate agendas and discuss overarching issues related to school governance and management.

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**TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chair and/or Vice Chair, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Management Team (SMT). During the year the SMT comprised the Headteacher, Deputy Headteacher, three Assistant Headteachers, the Business Manager and two Senior Teachers. The SMT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher is the Accounting Officer.

**Connected Organisations, including Related Party Relationships**

The Academy has strong collaborative links with its feeder primary schools and also has an active Parent Teacher Association (PTA). There are no related parties which either control or significantly influence the decisions and operations of The Commonweal School.

The Headteacher and two of the Senior Management Team are Trustees of the Charles Adam Prize Fund, a charity with the objective of raising funds, through investments, for the Academy's science facility. Further details on the Charles Adam Prize Fund are disclosed in note 26 of these financial statements.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on the Performing Arts.

The aims of the Academy during the period ended 31 August 2013 are summarised below:

- To continue to raise the standard of educational attainment and achievement of all students.
- To provide a broad and balanced curriculum, including extra-curricular activities.
- To develop students as more effective learners.
- To enhance the tertiary provision and outcomes.
- To develop the Academy site so that it enables students to achieve their full potential.
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- To maximise the number of students who achieve 5 A\*-C GCSE grades including English and Maths.
- To provide value for money for the funds expended.
- To develop greater coherence, clarity and effectiveness in school systems.
- To comply with all appropriate statutory and curriculum requirements.
- To maintain close links with industry and commerce.
- To develop the Academy's capacity to manage change.
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At The Commonweal School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. The Academy is a community in which students, staff and parents should be part of a happy and caring environment.

## Objectives, Strategies and Activities

September 2013– August 2014

1. **Academic performance:** maintaining progress towards achievement of targets; interventions; closing the gap (Boys)  
5 or more A\*-C grades, including English & Maths - target 68 achieved 65% (2013 60%)  
5 or more A\*-G grades - target 99%, achieved 99% (2013: 98%)  
3 or more A\*/A grades - target 30%, achieved 25% (2013: 24%)  
English progress - target 76%, achieved 79% (2013: 59%)  
Maths progress - target 70%, achieved 77% (2013: 77%)  
Attendance - target 94.3%, achieved 95.0% (2013: 94.4%)

In preparation for Sixth Form we will set a target for required entry levels once summer 2013 reporting data is processed.

Objectives met: the results above are provisional.

2. **Teaching & Learning:** issues arising out of the External Evaluation report summer 2013.
  - Closing the Gap; Interventions & effective use of Pupil Premium
  - Whole school approaches to Literacy & Numeracy
  - Review of KS3 curriculum
  - Continued focus on the quality of teaching

Objectives largely met: Refer to the Post – Ofsted Action Plan linking to the 2014 – 2015 School Development Plan. The Pupil Premium Gap remains in 2014, but no gap was noted by Ofsted. Pupil Premium funding was used very effectively.

3. **Sixth Form:** to ensure we are fit for purpose by September 2014 opening, by ensuring, amongst other things:
  - Completion of build
  - Appointment of staff
  - CPD programme/recruitment of staff
  - Planned curriculum & extra/curricular provision
  - Marketing & recruitment of student cohort
  - Effective deployment of resources, including financial
  - Appropriate collaboration with other Sixth Forms

Objectives met: The Sixth Form block build was successfully completed in July 2014. Approximately 100 students are now studying in the Sixth Form. 26 new members of staff have been recruited and are receiving an on-going induction programme. The C6 Enrichment Programme is underway.

4. **Maintenance:**

a) **Monitoring & Evaluation:**

- Increased student voice in subject inspections
- Thematic inspection on L & M
- Area inspection on teaching assistants
- Developing yearly Faculty monitoring and evaluation schedule
- Subject related, dependent upon exam results

Objectives met: Monitoring and Evaluation is tighter than it's ever been, thematic inspection validated by Ofsted in February 2014 and the deployment of Teaching Assistants has improved significantly.



TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2014

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- b) ICT:** development of Student Profile (behaviour and achievement) & Staff Profile (Performance Management & CPD).

Objectives met and on-going: Student profiles are available and CPD is recorded. On-going development for both the Student Profiles and Performance Management.

- c) Pastoral:** focus on Anti-bullying, Safeguarding and Child Protection, and Uniform issues.

Objectives met and on-going: A 95% attendance rate was achieved.

- d) Performing Arts:** extending the Community arts programme.

Objectives met: Extensive programme of community events and leading player in the Old Town Festival. Inaugurated and co-ordinated the Little Big Festival. Increased use of school's facilities.

- e) Staffing:** Teacher and Learning Review Part II; succession planning; Performance Management

Objectives met: The Teacher and Learning Review has led to Personal, Social and Health Education changes from September 2014.

- f) Cluster:** cross-phase working groups (SENCOs, Child Protection officers, Senior Leaders); Level 6 Maths and Reading support; increased regularity of Heads' meetings; Academy Group meetings

Objectives largely met: All of the working groups took place save for the SEN meetings which began in September 2014.

- g) Governors:** Ofsted preparation; induction; succession planning; review of progress; self-evaluation of governors.

Objectives met: The Governors have been very supportive throughout 2013-2014.

Longer term aims for the period up until August 2016 includes:

- Closing the gap – ensuring progress of Pupil Premium students.
- Teaching and learning quality – 100% good or better.
- Attendance - 95% or better.
- Sixth Form – full cohort of 300 students, targets achieved for first intake, good levels of progression to university.
- Premises – completion of Sixth Form Centre and further improvements to existing facilities.
- Collaboration – with primary partners, National College for Teaching & Leadership and Commonweal Sixth

#### **Public Benefit**

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Swindon and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of the Performing Arts. The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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**TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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As an Academy we have a duty to support other schools. The Academy's named school upon applying for Academy status was Lethbridge Primary School. We support this school through use of the Academy premises and specialist skills in all relevant areas, as identified through the Academy's Partnership Development Plan.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The Academy is in its fourth year of operation and has met the forecast number of students. The total number of funded students in the year ended 31 August 2014 was 1,130 but this has increased to 1,230 in September 2014 due to a full cohort starting in Year 7 and 92 in the Sixth Form. The Academy is full in all year groups and has a waiting list in operation. The Academy now has a capacity of 1,450.

The Academy is heavily oversubscribed. There were 400 applicants for the 230 places available in Year 7.

During the 2012-13 academic year the school gained Department for Education approval to establish a new Sixth Form at the school from September 2014. The new Sixth Form provision has been established for up to 300 students, with an emphasis on relevant academic qualifications that will enable the Academy students to fulfil their potential and gain places in the top universities. The Department for Education also allocated capital funding to the project, enabling the school to build a new Sixth Form Centre within which the provision will be housed. Work was completed by July 2014, the first Year 12 cohort started in September 2014.

Examination results for 2014 represented an improvement in GCSE results, with 65% of students gaining 5 or more A\*-C grades (compared with 60% in 2013). This narrowly missed the Fischer Family Trust Data target of 67%.

Especially worthy of note in 2014 were the English and Maths results. 80% of students achieved a grade C or higher in Maths and 78% in English. Yet again these were outstanding results, both in terms of overall grades and also in terms of the progress students made. They further outstripped the average grades that students obtain nationally. Also very pleasing are the student's average GCSE point scores. These do not include the 'equivalent' qualifications that can be used to boost the appearance of results. These once again show that Commonweal students are achieving more academically rigorous qualifications than students in many schools and that they are doing so with high grades.

Teaching and learning reviews have been undertaken in all subjects and priorities for the coming year will focus on:

- Subject consistency
- Closing the Pupil Premium gap
- Performance of boys.

To ensure that standards are continually assessed, the Academy operates an intensive programme of Monitoring and Evaluation, which includes learning walks, lesson observations undertaken by the Department or Faculty Heads and the Senior Management Team and internal 'Ofsted' style subject inspections. All members of SMT have just received updated Ofsted training.

Fixed term exclusions were higher than in 2013 – 2014, but involved a similar number of students. No permanent exclusions were made. Student attendance remained high as a result of new procedures and sanctions put in place. The attendance rate was at 95% by the end of the year.

During the year the Academy completed several significant capital projects, in addition to the Sixth Form build, namely:

- Reception and foyer refurbishment - £10,000
- Gym boilers and pipe work – The Academy successfully obtained a Salix Loan of £56,000 from the EFA to fund this work.
- Refurbishment of the boys toilets - £8,600
- Completion of the Food Technology refurbishment - £121,000 ACMF grant.

A wide range of further minor works and improvements were undertaken in addition to these identified works.

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**TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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Continuing professional development for staff has been very successful with the vast majority of staff participating in training programmes, all of which feed in to our School Development Plan.

**Going Concern**

After making appropriate enquiries, the Board of Trustees 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 accounting policies.

**Key Financial Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date, which are assessed against future requirements. Restricted (excluding the pension deficit and restricted fixed asset fund) and unrestricted reserves carried forward at the year end were £238,782 and £89,413 respectively.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2014 were 1,130, an increase of 9 over 2013. It is anticipated that this number will continue to rise, especially with the addition of 300 Sixth Form places in September 2014.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2014 this was 93%, compared to 87% in 2013.

The following significant KPI's were set at the start of the year:

	<b>Target</b>	<b>Actual</b>	<b>2012-2013</b>
GAG carry forward	2.2%	4.3%	2.2%
Total revenue income per student	£5,565	£5,902	£5,632
Ratio of GAG to total revenue income	92.07%	82.7%	90.5%
Ratio of staff costs to revenue income	90.39%	77.3%	78.7%

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year 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 DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2014, total expenditure of £6,404,950 was covered by recurrent grant funding from the DfE, together with other incoming resources of £6,704,923. There was an excess of income over expenditure for the year (excluding restricted fixed asset funds) of £299,973.

At 31 August 2014 the net book value of fixed assets was £18,360,358 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The Academy deficit on the Local Government Pension Scheme in respect of its support staff is detailed in Note 23 to the financial statements.

Financial policies are reviewed on a periodical basis.

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**TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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Trustees have adopted an Internal Audit policy and appointed Lorraine Billis of Financial Services 4 Schools, to undertake a programme of internal checks on financial controls.

**Financial and Risk Management Objectives and Policies**

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance and planning against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

On conversion the Academy agreed to repay a loan to Swindon Borough Council. The Academy is confident it will be able to meet the capital repayments.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**Principal Risks and Uncertainties**

The Board of Trustees has reviewed the major risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 98% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

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**TRUSTEES' REPORT (continued)  
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Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

**Reserves Policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have reviewed the future plans of the Academy and decided to use reserves towards Sixth Form implementation, Condition Improvement Fund projects and the repayment of the Salix Loan.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy.

**Investment Policy**

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

**PLANS FOR FUTURE PERIODS**

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its students at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

Following the successful opening of the Sixth Form the Academy is working hard to ensure the next year's cohort will exceed 100. Capital funding has been made available through the DfE, but there will be additional revenue costs associated with the programme, and hence the Board of Trustees plans to utilise the majority of existing reserves and any surplus from 2013/14 towards the successful implementation of the Sixth Form.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan which available from the Clerk to Trustees.

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FOR THE PERIOD ENDED 31 AUGUST 2014**

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**AUDITOR**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Board of Trustees on 1 December 2014 and signed on its behalf by:



**Dr Jokie Bakker**  
Chair of Trustees

**THE COMMONWEAL SCHOOL  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Commonweal 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 Board of Trustees 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 The Commonweal School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Bakker, Chair	6	6
P Clarke	6	6
A G Curnock	1	2
K Defter, Headteacher	6	6
J K Evans	4	5
E J Ford	5	6
E B Glennie	4	6
H L Harris, Staff Governor	0	1
D M Mason, Chair of Curriculum	6	6
C Morgan	2	4
J D Robinson, Chair of Finance and Planning	3	6
R J Shimwell, Vice Chair	4	6
D P Skinner	5	6
N Weaver, Staff Governor	4	6
M Williams, Vice Chair	6	6
G A Williams, Staff Governor	6	6
J Birnie	5	6
S Busuttil	4	6
A Edwards	3	6
S W Grist	5	6
N Gudgeon	1	4
C O'Sullivan	3	3
G Parmenter	3	4
L Whetman	3	4
D Wilson	3	4

The Finance and Planning Committee is a sub-committee of the main Board of Trustees. Its purpose is to approve, monitor and review the school budget, implement premises maintenance and asset management plans, and to ensure that relevant health and safety standards are met in the school.

Issues that have been dealt with over the period are; Review of the Risk Register and approval of the 2012-13 Trustee Report and Annual Accounts; approval of the 2014/15 Budget; approval of the Food Technology refurbishment contractors; support and approval of the new Sixth Form and Sixth Form Block and the use of School reserves in the setting up of the Sixth Form.

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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Attendance at the Finance and Planning meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Parmenter	2	3
P Clake	3	6
A Curnock	0	2
K Defter	6	6
J Robinson	5	6
D Skinner	6	6
M Williams	6	6
S Grist	5	6
D Wilson	2	3

**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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Commonweal School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Lorraine Billis, an independent expert from Financial Services 4 Schools as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.



**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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The Internal Auditor has undertaken internal control and system checks and there are no material control issues to report.

**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:

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

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

Approved by order of the members of the Board of Trustees on 1 December 2014 and signed on their behalf, by:



**Dr Jokie Bakker**  
Chair of Trustees



**Keith Defter**  
Accounting Officer

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

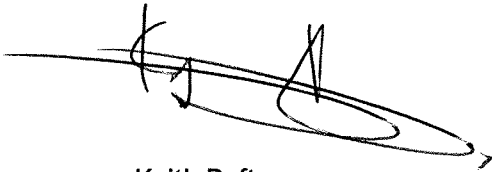
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Commonweal School I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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 Board of Trustees and EFA.

A handwritten signature in black ink, appearing to read 'Keith Defter', written over a horizontal line.

**Keith Defter**  
Accounting Officer

Date: 1 December 2014

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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The Trustees (who act as governors of The Commonweal School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

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



**Dr Jokie Bakker**  
Chair of Trustees

Date: 1 December 2014

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL SCHOOL**

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We have audited the financial statements of The Commonweal 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the 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 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 Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL SCHOOL

---

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

*Bishop Fleming LLP*

Joseph Scaife FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date:

*4/12/14*

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
COMMONWEAL SCHOOL AND THE EDUCATION FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 27 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Commonweal School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Commonweal School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Commonweal School and 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 Commonweal School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE COMMONWEAL SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Commonweal School's funding agreement with the Secretary of State for Education dated 01 August 2011, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by 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's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
COMMONWEAL SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Joseph Scaife FCA DChA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT  
Date: 4/2/14

THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	18,094	4,690	-	22,784	134,508
Activities for generating funds	3	11,825	-	-	11,825	13,386
Investment income	4	1,138	-	-	1,138	895
Incoming resources from charitable activities	5	12,377	6,656,799	4,844,076	11,513,252	6,636,846
<b>TOTAL INCOMING RESOURCES</b>		<b>43,434</b>	<b>6,661,489</b>	<b>4,844,076</b>	<b>11,548,999</b>	<b>6,785,635</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		58,604	6,326,820	300,944	6,686,368	6,497,869
Governance costs	6	-	19,526	-	19,526	16,635
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>58,604</b>	<b>6,346,346</b>	<b>300,944</b>	<b>6,705,894</b>	<b>6,514,504</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		(15,170)	315,143	4,543,132	4,843,105	271,131
Transfers between Funds	18	-	(221,634)	221,634	-	-
<b>NET INCOME FOR THE PERIOD</b>		<b>(15,170)</b>	<b>93,509</b>	<b>4,764,766</b>	<b>4,843,105</b>	<b>271,131</b>
Actuarial gains and losses on defined benefit pension schemes		-	(538,000)	-	(538,000)	42,000
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>(15,170)</b>	<b>(444,491)</b>	<b>4,764,766</b>	<b>4,305,105</b>	<b>313,131</b>
Total funds at 1 September		104,583	(444,727)	12,893,064	12,552,920	12,239,789
<b>TOTAL FUNDS AT 31 AUGUST</b>		<b>89,413</b>	<b>(889,218)</b>	<b>17,657,830</b>	<b>16,858,025</b>	<b>12,552,920</b>

All of the Academy Trust's activities derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 25 to 44 form part of these financial statements.



THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER: 07682819

BALANCE SHEET  
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		18,360,358		13,583,988
<b>CURRENT ASSETS</b>					
Debtors	15	839,029		407,145	
Cash at bank and in hand		323,997		614,799	
		<u>1,163,026</u>		<u>1,021,944</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	<u>(733,935)</u>		<u>(682,316)</u>	
<b>NET CURRENT ASSETS</b>			<u>429,091</u>		<u>339,628</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>18,789,449</u>		<u>13,923,616</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17		<u>(803,424)</u>		<u>(781,696)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>			<u>17,986,025</u>		<u>13,141,920</u>
Defined benefit pension scheme liability	23		<u>(1,128,000)</u>		<u>(589,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>16,858,025</u></u>		<u><u>12,552,920</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
General funds	18	238,782		144,273	
Fixed asset funds	18	17,657,830		12,893,064	
		<u>17,896,612</u>		<u>13,037,337</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(1,128,000)</u>		<u>(589,000)</u>	
Total restricted funds			<u>16,768,612</u>		<u>12,448,337</u>
Unrestricted funds	18		<u>89,413</u>		<u>104,583</u>
<b>TOTAL FUNDS</b>			<u><u>16,858,025</u></u>		<u><u>12,552,920</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2014 and are signed on their behalf, by:



Dr Jokie Bakker  
Chair of Trustees

The notes on pages 25 to 44 form part of these financial statements.

THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	20	(730,353)	417,752
Returns on investments and servicing of finance	21	1,138	895
Capital expenditure and financial investment	21	412,685	(171,450)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(316,530)</b>	<b>247,197</b>
Financing	21	25,728	(60,544)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(290,802)</b>	<b>186,653</b>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE PERIOD ENDED 31 AUGUST 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(290,802)	186,653
Cash outflow from decrease in debt and lease financing	(25,728)	60,544
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(316,530)</b>	<b>247,197</b>
Net debt at 1 September 2013	(197,169)	(444,366)
<b>NET DEBT AT 31 AUGUST 2014</b>	<b>(513,699)</b>	<b>(197,169)</b>

The notes on pages 25 to 44 form part of these financial statements.

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the Academies Accounts Direction 2011/12 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare the accounts on a going concern basis.

**1.3 FUND ACCOUNTING**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

---

**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOMING RESOURCES**

All incoming resources are included in the Statement of financial activities when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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.

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 the academy trust's policies.

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

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

**1.5 RESOURCES EXPENDED**

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.

Charitable activities are costs incurred in the academy trust's educational operations.

Governance costs include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

**THE COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised.

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 are 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	5 years straight line

**1.7 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.8 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.

**1.9 PENSIONS**

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 23, 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 COMMONWEAL SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

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 the 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 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.

1.10 GROUP ACCOUNTING

In preparing the financial statements the Academy has taken the exemption under FRS 2 and has not consolidated the results of the controlled entity Charles Adam Prize Fund on the basis that these are immaterial to the group. Further information on this entity can be found in note 25.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	18,094	4,690	22,784	134,508

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	11,825	-	11,825	13,386

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	1,138	-	1,138	895

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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA grants</b>				
Capital Grants	-	4,844,076	4,844,076	407,235
General Annual Grant	-	5,515,101	5,515,101	5,712,220
Pupil Premium	-	219,166	219,166	162,046
Other Dfe/ EFA grants	-	51,434	51,434	87,200
	-	10,629,777	10,629,777	6,368,701
<b>Other government grants</b>				
Other government grants non capital	-	28,074	28,074	5,000
High needs income	-	681,503	681,503	87,728
	-	709,577	709,577	92,728
<b>Other funding</b>				
Educational visit income	-	92,046	92,046	110,376
Other incoming resources	12,377	69,475	81,852	65,041
	12,377	161,521	173,898	175,417
	12,377	11,500,875	11,513,252	6,636,846

6. GOVERNANCE COSTS

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	7,250	7,250	6,500
Auditors' non audit costs	2,250	2,250	2,500
Internal Audit Costs	4,365	4,365	840
Legal and Professional	4,120	4,120	4,774
Wages and salaries	1,541	1,541	2,021
	19,526	19,526	16,635

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**7. DIRECT COSTS**

	Education £	Total 2014 £	Total funds 2013 £
Pension finance costs	6,000	6,000	17,000
Educational supplies (including educational visits)	416,477	416,477	517,724
Examination fees	77,828	77,828	64,677
Other costs	2,269	2,269	1,925
Wages and salaries	3,535,903	3,535,903	3,447,027
National insurance	263,861	263,861	260,326
Pension cost	513,464	513,464	468,296
	<u>4,815,802</u>	<u>4,815,802</u>	<u>4,776,975</u>

**8. SUPPORT COSTS**

	Education £	Total 2014 £	Total funds 2013 £
Staff development	25,976	25,976	27,189
Supply teachers	19,818	19,818	17,170
Recruitment and other staff costs	48,021	48,021	21,432
Maintenance of premises and equipment	71,279	71,279	138,490
Cleaning	49,242	49,242	48,172
Rent and rates	24,754	24,754	20,410
Heat and light	100,009	100,009	85,767
Insurance	59,113	59,113	63,362
Security and transport	21,139	21,139	20,107
Catering	51,087	51,087	50,845
Technology costs	48,341	48,341	31,383
Office overheads	70,272	70,272	57,109
Legal and professional	142,548	142,548	87,051
Bank interest and charges	262	262	151
(Profit) / Loss on disposal of fixed assets	-	-	2,679
Wages and salaries	684,682	684,682	637,860
National insurance	33,501	33,501	31,027
Pension cost	119,578	119,578	105,438
Depreciation	300,944	300,944	275,252
	<u>1,870,566</u>	<u>1,870,566</u>	<u>1,720,894</u>



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9. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2014 £	Premises 2014 £	Other 2014 £	2014 £	2013 £
Direct costs	4,313,228	-	502,574	4,815,802	4,776,975
Support costs	857,579	568,504	444,483	1,870,566	1,720,894
<b>CHARITABLE ACTIVITIES</b>	<b>5,170,807</b>	<b>568,504</b>	<b>947,057</b>	<b>6,686,368</b>	<b>6,497,869</b>
<b>GOVERNANCE</b>	<b>1,541</b>	<b>-</b>	<b>17,985</b>	<b>19,526</b>	<b>16,635</b>
	<b>5,172,348</b>	<b>568,504</b>	<b>965,042</b>	<b>6,705,894</b>	<b>6,514,504</b>

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	300,944	275,252
Auditors' remuneration	7,250	6,500
Auditors' remuneration - non-audit	2,250	2,500
Operating lease rentals	12,888	12,888
Loss on disposal of fixed assets	-	2,679
	<b>323,332</b>	<b>300,819</b>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	4,222,126	4,086,908
Social security costs	297,362	291,353
Other pension costs (see note 23)	633,042	573,734
	<b>5,152,530</b>	<b>4,951,995</b>
Supply teacher costs	19,818	17,170
	<b>5,172,348</b>	<b>4,969,165</b>

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11. STAFF (continued)

b. Staff numbers

The average number of persons employed by the Academy during the period expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	62	63
Teaching assistants	35	36
Administration and other support	41	39
Management	6	6
	<u>144</u>	<u>144</u>

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	0	1
In the band £110,001 - £120,000	1	0
	<u>2</u>	<u>2</u>

The above two employees received total employer pension contributions of £21,862 (2013: £21,647).

12. TRUSTEES

During the year retirement benefits were accruing to 4 Trustees (2013: 4) in respect of defined contribution pension schemes.

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration, including pension costs, whilst in office, fell within the following bands:

	2014 £'000	2013 £'000
Mr K Defter (Headteacher)	120-125	120-125
H Harris	5-10	5-10
G Williams	45-50	40-45
N Weaver	25-30	25-30
L Whetman	40-45	0-5

K Defter's remuneration includes remuneration for his role as a National College Associate which is externally funded. The above Trustees received £24,446 (2013 - £24,742) of employer pension contributions. During the year, travel and subsistence expenses totalling £1,370 were reimbursed to the above trustees (2013 - £141).

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13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,251 (2013: £954). The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2013	13,832,879	57,792	79,230	150,631	14,120,532
Additions	4,824,801	-	210,736	41,777	5,077,314
At 31 August 2014	<u>18,657,680</u>	<u>57,792</u>	<u>289,966</u>	<u>192,408</u>	<u>19,197,846</u>
<b>DEPRECIATION</b>					
At 1 September 2013	450,787	4,400	25,854	55,503	536,544
Charge for the period	242,698	5,779	19,108	33,359	300,944
At 31 August 2014	<u>693,485</u>	<u>10,179</u>	<u>44,962</u>	<u>88,862</u>	<u>837,488</u>
<b>NET BOOK VALUE</b>					
At 31 August 2014	<u>17,964,195</u>	<u>47,613</u>	<u>245,004</u>	<u>103,546</u>	<u>18,360,358</u>
At 31 August 2013	<u>13,382,092</u>	<u>53,392</u>	<u>53,376</u>	<u>95,128</u>	<u>13,583,988</u>

Included in land and buildings is freehold land at valuation of £2,779,529 which is not depreciated.

15. DEBTORS

	2014 £	2013 £
Trade debtors	22,898	7,786
VAT repayable	189,027	99,715
Other debtors	2,683	509
Prepayments and accrued income	624,421	299,135
	<u>839,029</u>	<u>407,145</u>

Included with accrued income is £468,200 (2013: £145,791) of ACMF funding relating to the construction of the sixth form centre.

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16. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Loans	34,272	30,272
Trade creditors	63,955	299,446
Other taxation and social security	91,496	87,485
Other creditors	405,189	88,489
Accruals and deferred income	139,023	176,624
	<u>733,935</u>	<u>682,316</u>

**DEFERRED INCOME**

Deferred income at 1 September 2013	143,561
Resources deferred during the year	6,437
Amounts released from previous years	<u>(143,561)</u>
Deferred income at 31 August 2014	<u>6,437</u>

Included within loans is £781,696 (2013 - £811,968) relating to an amount due to Swindon Borough Council and relates to a building refurbishment project that was completed pre conversion. The loan is unsecured and interest free. £30,272 (2013 - £30,272) of the loan is due for repayment in less than one year

Included within loans is a Salix loan of £56,000 (2013 - £nil) relating to an amount loaned by the EFA to the Academy to refit the boiler in the gymnasium. The loan is unsecured and interest free. £4,000 (2013 - £nil) of the loan is due for repayment in less than one year

17. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Loans	<u>803,424</u>	<u>781,696</u>

Included within the above are amounts falling due as follows:

	2014 £	2013 £
<b>BETWEEN ONE AND TWO YEARS</b>		
Loans	<u>38,272</u>	<u>30,272</u>
<b>BETWEEN TWO AND FIVE YEARS</b>		
Loans	<u>114,816</u>	<u>90,816</u>
<b>OVER FIVE YEARS</b>		
Loans	<u>650,336</u>	<u>660,608</u>

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17. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	<u>650,336</u>	<u>660,608</u>

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	<u>104,583</u>	<u>43,434</u>	<u>(58,604)</u>	-	-	<u>89,413</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	126,512	5,515,101	(5,204,131)	(198,700)	-	238,782
High needs funding	-	681,503	(681,503)	-	-	-
Donations	-	4,690	(4,690)	-	-	-
Pupil premium	17,761	219,166	(236,927)	-	-	-
Other DfE/EFA grants	-	51,434	(28,500)	(22,934)	-	-
Other restricted income	-	69,475	(69,475)	-	-	-
Other Local Government funding	-	28,074	(28,074)	-	-	-
Trips income	-	92,046	(92,046)	-	-	-
Pension reserve	(589,000)	-	(1,000)	-	(538,000)	(1,128,000)
	<u>(444,727)</u>	<u>6,661,489</u>	<u>(6,346,346)</u>	<u>(221,634)</u>	<u>(538,000)</u>	<u>(889,218)</u>

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18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	13,035,872	-	(244,411)	-	-	12,791,461
Fixed assets purchased from GAG and other restricted funds	221,782	-	(32,078)	-	-	189,704
ACMF Capital grants	407,235	4,844,076	(24,455)	168,428	-	5,395,284
Devolved formula capital	40,143	-	-	22,934	-	63,077
Loan with Local Authority	(811,968)	-	-	30,272	-	(781,696)
	<u>12,893,064</u>	<u>4,844,076</u>	<u>(300,944)</u>	<u>221,634</u>	<u>-</u>	<u>17,657,830</u>
Total restricted funds	<u>12,448,337</u>	<u>11,505,565</u>	<u>(6,647,290)</u>	<u>-</u>	<u>(538,000)</u>	<u>16,768,612</u>
Total of funds	<u>12,552,920</u>	<u>11,548,999</u>	<u>(6,705,894)</u>	<u>-</u>	<u>(538,000)</u>	<u>16,858,025</u>

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the EFA during the period in order to fund the continuing activities of the school.

High needs funding (SEN) funding is received from the EFA to cater for pupils with learning difficulties and other disabilities.

Pupil premium funding represents funding received from the EFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers. Schools also receive funding for children who have been looked after continuously for more than six months, and children of service personnel. Pupil premium will also fund a Summer School Programme for disadvantaged pupils to support their transition to secondary schools.

Devolved formula capital grants represent funding from the EFA to cover the maintenance and purchase of the academy's assets.

Other DfE/EFA grants consist of funding from the EFA to support the preparation of financial returns and budgets.

Academies Capital Maintenance Grant represents funding received after a successful bid to the EFA to cover the maintenance of specific Academy's assets.

Other restricted income consists of £35,542 from the National College for Teaching and Leadership and amounts relating to consultancy and initial teacher training.

Other Local Government funding consists of RPA Project and Protocol income received from Swindon Borough Council.

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18. STATEMENT OF FUNDS (continued)

Pension reserve represents the School's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The School is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

**FIXED ASSET FUNDS**

Fixed assets transferred on conversion represent the building and equipment donated to the school from Swindon Borough Council on conversion to an Academy.

Fixed assets purchased from GAG and other restricted funds represent amounts spent on fixed assets from the GAG funding received from the EFA, a donation from the Charles Adam Prize Fund and donations towards mini buses received in the year.

Capital Maintenance grant represents funding received from the Academies Capital Maintenance Fund. £468,200 of the total carried forward balance of £5,395,284 relates to accrued income, of which £79,168 will be set against specific capital spend in 2014/15.

The loan with the Local Authority represents amounts owed to Swindon Borough Council. See note 17 for detail.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	104,583	43,434	(58,604)	-	-	89,413
Restricted funds	(444,727)	6,661,489	(6,346,346)	(221,634)	(538,000)	(889,218)
Restricted fixed asset funds	12,893,064	4,844,076	(300,944)	221,634	-	17,657,830
	<u>12,552,920</u>	<u>11,548,999</u>	<u>(6,705,894)</u>	<u>-</u>	<u>(538,000)</u>	<u>16,858,025</u>

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	18,360,358	18,360,358	13,583,988
Current assets	89,413	994,445	79,168	1,163,026	1,021,943
Creditors due within one year	-	(703,663)	(30,272)	(733,935)	(682,316)
Creditors due in more than one year	-	(52,000)	(751,424)	(803,424)	(781,696)
Pension scheme liability	-	(1,128,000)	-	(1,128,000)	(589,000)
	<u>89,413</u>	<u>(889,218)</u>	<u>17,657,830</u>	<u>16,858,025</u>	<u>12,552,920</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	4,843,105	271,131
Returns on investments and servicing of finance	(1,138)	(895)
Loss on sale of tangible fixed assets	-	2,679
Depreciation of tangible fixed assets	300,944	275,252
Capital grants and donations	(5,489,999)	(288,816)
Increase in debtors	(431,884)	(243,327)
Increase in creditors	47,619	386,728
Defined benefit pension scheme adjustments	1,000	15,000
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS</b>	<u>(730,353)</u>	<u>417,752</u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	<u>1,138</u>	<u>895</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(5,077,314)	(460,766)
Sale of tangible fixed assets	-	500
Capital grants	5,489,999	288,816
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>	<u>412,685</u>	<u>(171,450)</u>



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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2014 £	2013 £
<b>FINANCING</b>		
Other new loans	56,000	-
Repayment of other loans	(30,272)	(60,544)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>	<u>25,728</u>	<u>(60,544)</u>

22. ANALYSIS OF CHANGES IN NET DEBT

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	614,799	(290,802)	-	323,997
<b>DEBT:</b>				
Finance leases	-	-	-	-
Debts due within one year	(30,272)	(25,728)	21,728	(34,272)
Debts falling due after more than one year	(781,696)	-	(21,728)	(803,424)
<b>NET DEBT</b>	<u>(197,169)</u>	<u>(316,530)</u>	<u>-</u>	<u>(513,699)</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire 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 related to the period ended 31 March 2014 and of the LGPS 31 March 2014.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

**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.

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23. PENSION COMMITMENTS (continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. 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 up to three and a half years 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 have been 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 representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 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 assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £334,000, of which employer's contributions totalled £263,000 and employees' contributions totalled £71,000. The agreed contribution rates for future years are 19.3% for employers and 5.5-7.5% for employees.

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 for Education. The guarantee came into force on 18 July 2013.

The amounts recognised in the Balance sheet are as follows:

	2014	2013
	£	£
Present value of funded obligations	(3,148,000)	(2,070,000)
Fair value of scheme assets	2,020,000	1,481,000
	<hr/>	<hr/>
Net liability	(1,128,000)	(589,000)
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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2014 £	2013 £
Current service cost	(258,000)	(208,000)
Interest on obligation	(102,000)	(75,000)
Expected return on scheme assets	96,000	58,000
	<u>                    </u>	<u>                    </u>
Total	<u><u>(264,000)</u></u>	<u><u>(225,000)</u></u>

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

	2014 £	2013 £
Opening defined benefit obligation	2,070,000	1,697,000
Current service cost	258,000	208,000
Interest cost	102,000	75,000
Contributions by scheme participants	71,000	62,000
Actuarial Losses	676,000	48,000
Benefits paid	(29,000)	(20,000)
	<u>                    </u>	<u>                    </u>
Closing defined benefit obligation	<u><u>3,148,000</u></u>	<u><u>2,070,000</u></u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,481,000	1,081,000
Expected return on assets	96,000	58,000
Actuarial gains and (losses)	138,000	90,000
Contributions by employer	263,000	210,000
Contributions by employees	71,000	62,000
Benefits paid	(29,000)	(20,000)
	<u>                    </u>	<u>                    </u>
	<u><u>2,020,000</u></u>	<u><u>1,481,000</u></u>

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £631,000 (2013: £93,000).

The Academy expects to contribute £322,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	71.00 %	72.00 %
Bonds	17.00 %	15.00 %
Property	10.00 %	10.00 %
Cash	2.00 %	3.00 %

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23. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.60 %	5.90 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.80 %

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

	2014	2013
Retiring today		
Males	22.3 years	21.3 years
Females	24.5 years	23.6 years
Retiring in 20 years		
Males	24.1 years	23.3 years
Females	26.9 years	25.5 years

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(3,148,000)	(2,070,000)	(1,697,000)
Scheme assets	2,020,000	1,481,000	1,081,000
Deficit	<u>(1,128,000)</u>	<u>(589,000)</u>	<u>(616,000)</u>
Experience adjustments on scheme liabilities	(676,000)	(48,000)	(93,000)
Experience adjustments on scheme assets	138,000	90,000	(42,000)

24. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<b>EXPIRY DATE:</b>		
Within 1 year	12,470	-
Between 2 and 5 years	418	12,470
After more than 5 years	-	418

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**25. 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 organisation, 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.

The Headteacher and other staff members are the trustees of the Charles Adam Prize Fund, a charity with the objective of holding investments to provide dividend income for the Academy's science facility. During the year the Academy received a donation of £nil (2013 - £23,831) from the Fund. The donation in the previous period was spent on the refurbishment of the Academy's science laboratories and preparation rooms. The trustees accept that in substance the Academy may control the Fund but do not consider its exclusion to be material or misleading to the users of the financial statements. At the year end the Fund held investments of £89,680 and cash of £7,238, the Fund's net assets were £96,918.

**26. CONTROLLING PARTY**

The Academy is under the joint control of the governors. There is no ultimate controlling party.