

Accrington St Christopher's Church of England High School
(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the period from the 3rd August 2011
to the 31st August 2012

Company Registration Number:
07728029 (England and Wales)

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Accrington St Christopher's Church of England High School

Reference and administrative details

Governors

Mr D Anderson (appointed on the 3rd August 2011)
Mrs D Bentley (appointed on the 3rd August 2011)
Father L Carson-Featham (appointed on the 3rd August 2011)
Mrs C Carter (appointed on the 3rd August 2011)
Mr A Coates (appointed on the 3rd August 2011)
Mr D Crossland (appointed on the 3rd August 2011)
Miss H Davies (appointed on the 3rd August 2011)
Mrs K Dutton (appointed on the 3rd August 2011
retired on the 31st March 2012)
Mrs B Graham (appointed on the 1st April 2012)
Mrs L Hargreaves (appointed on the 3rd August 2011)
Mrs H Harker (appointed on the 3rd August 2011)
Mrs K Heathcote (appointed on the 3rd August 2011)
Mr R Hoyle (appointed on the 3rd August 2011)
Mr M Isherwood (appointed on the 3rd August 2011)
Mrs K Jones (appointed on the 1st April 2012)
Mr P Jones (appointed on the 3rd August 2011)
Mr A McMinn (appointed on the 3rd August 2011)
Mr P Morgan (appointed on the 3rd August 2011)
Mr S O'Carroll (appointed on the 1st April 2012)
Mrs J Tomlinson (appointed on the 3rd August 2011)
Mr F Whitehead (appointed on the 3rd August 2011)
Rev I Watts (appointed on the 3rd August 2011
retired on the 31st March 2012)
Mrs C Wightman (appointed on the 3rd August 2011)

Secretary

Mrs P Haralambos (appointed on the 3rd August 2011)

Senior management team

Mr A Coates
Miss S Collier
Mr S Green
Mrs P Haralambos
Mr R Jones
Mrs N Moran
Mrs S Parkinson

Registered Office

Queens Road West
Accrington
Blackburn
BB5 4AY

Company Registration Number

07728029

Reference and administrative details (continued)

Auditors	Colman, Whittaker and Roscow The Close Queen Square Lancaster LA1 1RS
Bankers	Lloyds TSB Bank Plc 19 – 21 Church Street Blackburn BB6 7QN
Solicitors	Browne Jacobson Solicitors Ground Floor 3 Piccadilly Place Manchester M1 3BN
Surveyors	Watson Stirrup Business First Blackburn Business Centre Davyfield Road Blackburn BB1 2QY

Governors' Report

The Governors have pleasure in presenting their report together with the financial statements and auditor's report of the charitable company for the period to the 31st August 2012.

1. Structure, Governance and Management

1.1 Constitution

Accrington St Christopher's Church of England (CE) High School, a Church of England Academy (the Academy) was incorporated on the 3rd August 2011. The Academy took over the management of Accrington St Christopher's CE High School on 1st September 2011 and the charitable company began trading on this date.

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are in the primary governing documents of the Academy Trust. The Governors act as the Trustees for the charitable activities of Accrington St Christopher's CE High School Academy Trust and are also the Directors of the charitable company for the purposes of company law. Details of the Governors who served throughout the period are included in the reference and administrative details on page 2.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability

Each Member of the charitable trust undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as maybe required not exceeding £10, for the debts and liabilities contract before they ceased to be a Member.

1.3 Governors' Indemnities

In accordance with normal company practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover of up to £2,000,000 on any one claim.

1.4 Principal Activities

Accrington St Christopher's Church of England High School was established as an Academy by the Secretary of State on the 3rd August 2011 with an opening date of the 1st September 2011. It is larger than the average-sized secondary school and is steadily growing. The principal activity of the Academy is to provide a quality, free education to pupils aged 11 – 18 who live within a commutable distance of the school.

1.5 Method of Recruitment and Appointment or Election of Governors

The Articles of Association state at point 12 more detail regarding the arrangements in place for the Academy. A summary of these are:

Appointment of Members

The Members of the Academy Trust shall comprise:

- (a) the signatories to the Memorandum who are: The Blackburn Diocesan Board of Education; The Area Dean of Accrington; The Incumbent;
- (b) the Parochial Church Council of Great Harwood, St Bartholomew and Great Harwood St John; The Parochial Church Council of Knuzden St Oswald and Rishton St Peter and St Paul;
- (c) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- (d) the Chairman of the Governors; and
- (e) any person appointed under Article 16 of the Articles of Association.

Governors' Report (continued)

The Members with the written consent of the Diocesan Board of Education may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members.

Appointment of Governors

The Articles of Association states that:

The Members shall appoint a minimum of 11 Foundation Governors (of whom three shall at the time of their appointment be eligible for election or appointment as Parent Governors) as follows:

- (a) two shall be appointees of the Diocesan Board of Education;
- (b) six shall be appointees of the Area Dean by members of the Church of England proposed by the Parochial Church Councils of the Ecclesiastical Parishes of Accrington Christ the King, Accrington Christ Church, Accrington St John with Huncoat St Augustine, Altham with Clayton-le-Moors, Baxenden St John, Church Kirk St James, Oswaldtwistle Immanuel and All Saints and Oswaldtwistle St Paul;
- (c) one shall be the appointee of The Parochial Church Council of Great Harwood, St Bartholomew and Great Harwood St John together with The Parochial Church Council of Knuzden St Oswald and Rishton St Peter and St Paul;
- (d) The Incumbent and the Area Dean or his/her nominee who shall be the Corporate Governors Ex-Officio.

The Members may appoint 3 Staff Governors through such process as they may determine and the Headteacher shall be treated for all purposes as being an Ex Officio Governor. The term of office for any Governor (other than Co-opted Governors under Article 59 of the Articles of Association) shall be 4 years, save that this time limit shall not apply to the Headteacher. The Area Dean and the Incumbent shall be Ex Officio Governors. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

1.6 Policies and Procedures Adopted for the Induction and Training of Governors

Governors have received induction training from Colman, Whittaker & Roscow and Browne Jacobson Solicitors and new Governors will continue to receive information from the above, as well as induction training and support from the Clerk to the Governing Body and company secretary. A Service Level Agreement is in place with the Local Authority and they make training opportunities available to all Governors. A link Governor is appointed from within the Governing Body to monitor training needs.

1.7 Organisational Structure

The overall aim of the Governing Body is to agree the strategic and operational framework within which the Academy will be managed by the Academy Headteacher and to monitor and hold the Academy Headteacher (and senior management team) to account for the achievement of the Governing Body's strategic aims and objectives for the Academy.

The Headteacher (Accounting Officer) and senior management team together constitute the leadership team of the school. The overall purpose of the Governing Body is to lead the school to provide the best possible education for the pupils. This involves, in particular:

- setting the school's vision and strategic aims
- monitoring and evaluating performance
- ensuring that the school is accountable to pupils, parents and the community it serves and Education Funding Agency.

Within this context the Governing Body has a strategic role in the financial management of the Academy. Its key responsibilities include:

Governors' Report (continued)

- setting the financial priorities of the school through the:
 - School Development Plan
 - Long Term Financial Plan
 - Annual Budget
- determining the allocation of resources within the school budget in accordance with the priorities in the School Development Plan
- approving and monitoring the annual budget
- ensuring that the budget is managed effectively
- determining arrangements for delegation of financial decisions to the Headteacher by approving internal financial regulations
- evaluating the effectiveness of spending decisions

The Headteacher provides vision, leadership and direction for the school and as accounting officer the Headteacher is responsible for the management of the school budget under delegated powers agreed by the Governing Body supported by the Business Manager.

The Governors are organised into a number of committees who form policy to be agreed at main Governing Body meetings. The Bodies comprise Admissions; Appeals; Building & Land; Curriculum; Pupil Discipline; Finance & Audit; Pupil Welfare; Staffing & Appointments; Staffing Review; Staff Disciplinary; Complaints/Appeals; Grievance; and Pay Review Committees. The majority of committees meet termly and minutes of meetings are recorded and submitted to a termly meeting of Full Governing Body.

1.8 Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular, those relating to the operational areas of the site and facilities, to teaching and to finances. The Governors have implemented a system to assess the risks the school faces, especially in the operational areas which include teaching, health and safety and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control. Policies and procedures supporting the financial processes in school have been circulated as part of the Academy's finance manual and considered in detail by the Staffing and Finance Committee.

1.9 Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions or operations of the Academy. The Academy however works closely with the Blackburn Diocese, the Local Authority, other school networks such as Lancashire Academies Network and with parents to further the principal activities of the Academy.

1.10 Auditor

The Governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors, in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

2. Objectives and Activities

2.1 Objects and Aims

On the 1st September 2011, St Christopher's CE High School converted to academy status, helping us to develop further our whole educational provision and it has been an interesting first year as an academy and an exciting time for St Christopher's.

- Ofsted have judged our school Outstanding at inspection last year.
- A record 78% of our Year 11 pupils gained at least 5 grades A*-C with English and Maths in the 2011 league tables, the best performing school in the district in the latest league tables.
- More pupils from our school gained the new EBacc last year than all the other schools in the district put together.

Governors' Report (continued)

- Over 95% of our university-bound Sixth Formers gained places at their chosen universities.
- Our new Sixth Form Centre, one of the most prestigious in the North West, was opened formally by the Archbishop of York in December 2011.

Staff, parents, pupils and Governors foster strong links with local parishes and clergy, six of whom serve as School Chaplains. We emphasise pupils' whole development, offering high standards of teaching in a range of courses to cater for all abilities, a wide extra-curriculum and making a priority of spiritual nurture, with religious worship and teaching at the centre of school life. High academic achievement resulted in a national award in 2012 for GCSE performance in 2011 at A* and A; this improved again in 2012. Our Inspection Report in 2011 describes St Christopher's as "An Outstanding Church of England High School".

We now have over 250 students in our Sixth Form, housed in an impressive new building on our existing site North of Accrington, 500 feet above sea level from where we enjoy extensive views of the hills surrounding the town. Worship at St Christopher's is our life-blood, our very DNA. Each school day begins with an act of worship within the Anglican tradition. This takes place during an assembly in the School Hall, usually attended by each year group twice a week, a Year Assembly in the Studio or Lecture Theatre once a week, and Form Assembly. A Chaplaincy Team supports our worship and pastoral work, each year group having its own chaplain for through the seven years at St Christopher's. Each year group has two Communion Services and every form has a Form Communion during the year. The Academy fosters links with local parishes and Christian organisations helping with assemblies.

We try to establish caring attitudes and lasting values through worship and work done in the classroom, as well as, on a more practical level, supporting charitable appeals. In the context of our Church School, there is an emphasis on Christian education throughout the Academy and we expect all pupils to participate fully in our Christian community.

2.2 Objectives, Strategies and Activities

Mission Statement

St. Christopher's is a Church of England High School where pupils and staff work together in the knowledge and love of God. We try to act out our faith in our daily lives, with Christ as our example. We seek to promote the spiritual, moral, social, cultural, intellectual and physical development of all our pupils within a caring and supportive community, preparing them as Christians for the opportunities, responsibilities and experiences of their adult life. We aim to achieve our mission by providing a learning environment. Our caring community is based on a close partnership between which:

- is ordered and disciplined
- develops the pupils' knowledge of and commitment to the Christian faith and fosters a sympathetic approach to other religions and cultures
- recognises that each member of the school community is an individual with specific needs and strengths
- fosters mutual respect and concern for others
- values the contribution made by each member of the school community
- encourages and celebrates positive achievement
- offers pupils equal access to all areas of the curriculum
- gives pupils the knowledge, skills and understanding needed to gain the best possible qualifications
- encourages the development of personal and inter-personal skills
- promotes self-confidence, self-discipline, a sense of responsibility and a generosity of spirit.

Charity work at St Christopher's is an important part of our school life. It gives pupils the opportunity to put into practice the messages of our Mission Statement and Aims in a most practical way. Pupils and staff work together enthusiastically to support a range of charities.

2.3 Public Benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. We confirm that all our charitable activities are undertaken to further our charitable purposes for the public benefit.

Governors' Report (continued)

3. Achievements and Performance

Examination Results 2012

There were 206 pupils in the Year 11 Group 2011-2012.

206 pupils (99%) were entered for five or more GCSEs.

166 pupils (78%) achieved five or more passes at GCSE in the range A* - C.

205 pupils (99%) achieved five or more passes at GCSE in the range A* - G.

206 pupils (100%) achieved one or more passes in the range A* - G.

140 pupils (68%) achieved five or more A* - C grades including English and Mathematics

GCSE Results

<i>Subjects</i>	Entries	A*	A	B	C	D	E	F	G	U	X	Q	A*-C	A*-G
Additional Applied Science	51	0	0	1	15	18	8	7	2	0	0	0	16	51
Biology	49	8	11	17	10	2	0	1	0	0	0	0	46	49
Catering Studies	39	1	8	11	7	9	3	0	0	0	0	0	27	39
Chemistry	49	9	17	14	8	1	0	0	0	0	0	0	48	49
D&T Electronic Products	22	1	4	8	7	1	1	0	0	0	0	0	20	22
D&T Food Technology	10	0	1	2	3	2	0	2	0	0	0	0	6	10
D&T Graphic Products	18	1	2	3	10	1	0	1	0	0	0	0	16	18
D&T Resistant Materials	12	0	0	3	5	3	1	0	0	0	0	0	8	12
D&T Textiles Technology	40	10	6	9	7	7	1	0	0	0	0	0	32	40
Drama	12	0	0	2	3	4	2	1	0	0	0	0	5	12
Engineering	19	0	0	2	9	3	4	0	1	0	0	0	11	19
English Language & Literature	206	11	39	47	65	30	12	2	0	0	0	0	162	206
English Literature	190	6	30	60	60	27	7	0	0	0	0	0	156	190
Fine Art	74	4	8	20	22	15	3	1	1	0	0	0	54	74
French	63	5	11	12	12	12	8	2	1	0	0	0	40	63
Geography	126	23	31	22	24	14	7	3	2	0	0	0	100	126
German	25	7	11	7	0	0	0	0	0	0	0	0	25	25
History	59	15	12	13	9	7	3	0	0	0	0	0	49	59
Home Economics: Child Devt	15	0	2	5	5	3	0	0	0	0	0	0	12	15
Information Technology	14	1	1	10	1	0	1	0	0	0	0	0	13	14
Law	2	1	1	0	0	0	0	0	0	0	0	0	2	2

Accrington St Christopher's Church of England High School

Governors' Report (continued)

Mathematics Additional	15	0	5	4	5	0	0	0	0	0	0	0	14	14
Mathematics	205	21	35	45	71	22	7	4	0	0	0	0	172	205
Music	12	1	1	1	3	4	2	0	0	0	0	0	6	12
Office Technology	68	0	2	16	30	13	5	1	0	1	0	0	48	67
Performing Arts (Voc)	27	7	5	6	6	3	0	0	0	0	0	0	24	27
Physics	49	8	15	16	9	0	1	0	0	0	0	0	48	49
Religious Studies	199	17	47	58	42	19	5	3	6	1	1	0	164	197
Science Single Award	157	2	10	32	48	44	11	9	1	0	0	0	92	157
Science: Additional	105	2	7	25	43	25	2	1	0	0	0	0	77	105
Sociology	11	2	2	3	3	1	0	0	0	0	0	0	10	11
Spanish	6	1	0	1	0	3	0	1	0	0	0	0	2	6
Sport/PE Studies	50	0	5	13	17	12	3	0	0	0	0	0	35	50
totals		164	329	488	559	305	97	39	14	2	1	0	1540	1995

Young Enterprise National Examination (GNVQ)

7 pupils passed this examination, equivalent to 2 grades A* - C.

Key Stage 3 Results

	L5+	L6+	L7+	L8
English	95%	70%	70%	N/A
Maths	94%	79%	47%	11%
Science	99%	79%	35%	-

A-level Results

<i>Subjects</i>	Entries	A*	A	B	C	D	E	U	X	Q
Art and Design Textiles	1	0	0	1	0	0	0	0	0	0
Biology	8	0	0	2	3	2	0	1	0	0
Business Studies	19	0	2	8	8	1	0	0	0	0
Chemistry	9	0	2	2	3	0	2	0	0	0
Classics	5	0	2	0	3	0	0	0	0	0
Critical Thinking	2	0	0	2	0	0	0	0	0	0
D&T Food Technology	2	0	1	0	0	1	0	0	0	0

Accrington St Christopher's Church of England High School

Governors' Report (continued)

D&T Product Design	7	0	0	3	2	0	2	0	0	0
Economics	7	0	0	3	4	0	0	0	0	0
English Language & Literature	7	0	1	1	1	4	0	0	0	0
English Language	3	0	2	1	0	0	0	0	0	0
English Literature	16	0	5	2	7	2	0	0	0	0
Fine Art	13	0	2	1	5	5	0	0	0	0
French	3	0	1	1	1	0	0	0	0	0
Geography	21	1	2	7	4	3	4	0	0	0
German	2	0	0	0	1	1	0	0	0	0
History	12	1	4	4	2	1	0	0	0	0
Information Technology	8	0	0	1	4	2	1	0	0	0
Law	3	0	0	1	1	0	0	1	0	0
Mathematics Further	7	0	0	3	1	1	2	0	0	0
Mathematics	29	3	5	7	6	6	1	1	0	0
Music Technology	1	0	0	0	0	0	1	0	0	0
Music	5	0	0	1	1	3	0	0	0	0
Performing Arts (Voc)	10	1	3	6	0	0	0	0	0	0
Physics	7	0	1	2	2	1	1	0	0	0
Politics	13	2	1	2	5	3	0	0	0	0
Psychology	24	1	5	8	8	2	0	0	0	0
Religious Studies	16	0	1	6	7	2	0	0	0	0
Sociology	18	1	4	7	3	1	2	0	0	0
Spanish	3	0	0	2	0	1	0	0	0	0
Sport/PE Studies	8	0	1	1	3	1	1	1	0	0

3.2 Going Concern

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

Governors' Report (continued)

3.3 Key Financial Performance Indicators

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

3.4 Review of Effectiveness

In its last OfSTED inspection in November 2011, judgements were:

Overall effectiveness:1

How good is the school: 1;

The school's capacity for sustained improvement: 1

Accrington St Christopher's Church of England High School provides an outstanding education for its students and demonstrates palpable enthusiasm and ambition in all aspects of its work. Students' attainment is high and their achievement is outstanding, not only in academic terms but also in the way they develop spiritually and morally into self-confident, caring and responsible young people who work hard and fully enjoy the many opportunities presented to them by school. The school's compassionate and inclusive family ethos is apparent in positive relationships at all levels; students feel extremely safe and benefit from outstanding care, guidance and support that is notably successful in helping them to overcome obstacles and achieve the best that they can. Virtually all students say that they enjoy school. As one commented, 'even though the school is very big, the teachers know us and treat us as individuals.' Students' attendance is consistently high. Their behaviour is exemplary and their contribution to their community is extensive.

The quality of teaching is good overall with outstanding practice evident. There is a positive climate for learning across the school; teachers have high expectations, excellent subject knowledge and a commitment to sharing ideas with each other in order to develop their skills. They set ambitious targets for students and monitor their progress closely. Some marking is of an excellent quality, especially in English, but there is inconsistency in how well teachers' comments advise students on how to improve their work. In the best lessons, students make insightful, extended contributions to discussions and present their ideas in imaginative ways. However, in a few lessons there is a tendency for teachers to talk too much and this limits opportunities for active learning. The outstanding curriculum provides a suite of courses that meet all students' needs and interests. Students participate enthusiastically in the school's impressive variety of enrichment activities from judo to investigative science.

The outstanding leadership of the Headteacher, ably supported by a highly effective team of senior leaders, has resulted in a shared vision of success which drives the school forward. This is fully supported by staff and there is a vibrant sense of teamwork across the school. Self-evaluation is rigorous, drawing on the views of all stakeholders, and shows an accurate understanding of where there is scope for improvement. Subject leaders are dedicated and knowledgeable. They have raised standards effectively in their departments but limited opportunities to observe the teaching of colleagues mean that their strategies for sharing best practice do not always have full impact. The Governing Body provides astute insight, excellent support and rigorous challenge.

Considerable energy has been focused on the development of the sixth form, without detriment to outcomes in the main school. The sixth form has made a powerful contribution to the aspirations of the whole-school community. Academic outcomes for sixth formers are good and their personal development is excellent. The process of planning, building and opening the sixth form has been managed extremely well.

The school demonstrates an impressive trajectory of continuous improvement. The morale of the community is high and the capacity for sustained improvement is outstanding.

4. Financial Review

The Governors ensure that systems are in place and, following the appropriate guidelines, complete a Statement of Internal Control and Schemes of Delegation. Governors on a regular basis question & challenge information forwarded to them. This financial year, Governors have accepted the academy system of internal control and that this has been in place for the whole of the accounting period to date. The following Controls Assurance Statement has been in place:

Governors' Report (continued)

This statement relates to the financial summaries for Accrington St Christopher's C E High School for the period 2011/2012 and the Governing Body is responsible for ensuring that the Academy:

- keeps proper accounting records during the year which will disclose, with reasonable accuracy and at any time, the financial position of the Academy, have been drawn up in accordance with the Consistent Financial Reporting guidelines, and will enable it to prepare an annual income and expenditure statement that complies with Government guidelines
- maintains and operates an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the Academy and ensure they are used cost effectively.

At the 31st August 2012, the combined General Restricted Fund and Unrestricted Fund show an operating surplus (before the actuarial losses on the defined benefit scheme and the borrowing obligation from the Diocese) of £128,000. In addition to these revenue funds, the Academy also has unspent capital grants totalling £84,000.

In the 2011/2012 academic year the Academy adopted a prudent approach to budgeting, ensuring that it did not commit monies which are not confirmed as income due. Therefore, this resulted in a significantly larger year end reserve than would normally be planned for.

4.1 Financial and Risk Management Objectives and Policies

The system of internal control has been developed and is co-ordinated by the Headteacher. It aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly. Governors' review of the effectiveness of the systems of internal controls are informed by:

- regular scrutiny of financial and other performance monitoring data
- regular reports from the Business Manager and other managers to the Governing Body
- the most recent report of the academy's Responsible Officer (RO)
- the most recent self-evaluation of the internal controls, via the Financial Management and Governance Evaluation (FMGE).

Governors are, therefore, satisfied that the internal control systems in operation at the academy during the period are adequate and effective.

4.2 Principal Risks and Uncertainties

The Academy has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The Finance & Audit Committee undertakes a review of the risks using a Risk Register detailing the areas to which the Academy is exposed. The risk register identifies systems and procedures, including specific, preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and Finance & Audit Committee will review their effectiveness and progress annually against risk mitigation actions. In addition to the annual review, the Finance & Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy. The risk register is maintained at the Academy level which is reviewed at least annually by the Finance & Audit Committee and more regularly when necessary. The risk register identifies key risks, the likelihood of these risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks.

4.3 Reserves

The Academy's reserve policy takes into account the risk of fluctuations of grant income and spending needs. In year reserves are set to cover costs and other commitments, to fund change in the curriculum and to meet unexpected emergencies such as urgent maintenance. Significant expenditure such as summer refurbishment and equipment cost are usually planned during the year and this is taken into account in cash flow forecasts.

The reserves at any one time will be managed by the Finance & Audit Committee which will deploy reserves to meet fluctuating demands in the school budget. This policy will be reviewed annually.

Under its Funding Agreement with the Secretary of State for Education St Christopher's CE High School is permitted to hold reserves at the year end of 2% of its General Annual Grant (GAG) for expenditure of a recurrent nature and a further 10% for expenditure of a capital nature, including maintenance and refurbishment of the

Governors' Report (continued)

Academy's buildings and facilities. As at the 31st August 2012 the Academy had reserves based upon its GAG of around 2.9% (i.e. 2% for recurrent expenditure and 0.9% for expenditure of a capital nature).

The Governors have agreed to utilise £103,000 of the total reserves for capital expenditure to cover the costs of the Multi Use Games Areas (MUGAs) being developed on the playing fields. These are due to be completed in December 2012.

4.4 Investments

In this first year of Academy status the Academy has not undertaken any investments. However, Governors have provided clear guidance for the Headteacher and the Business Manager regarding the objectives, goals and guidelines of the assets that will be invested by the Academy in the course of any one academic financial year. The Headteacher (accounting officer) will evaluate the needs of the organisation to determine if the funds will be needed to support teaching & learning and/or building development. Therefore, all available funds will be invested as appropriate and reported to the Finance & Audit Committee.

The primary investment objective of the assets placed under management is to provide for the preservation of capital to support the needs of the Academy and be brought forward into everyday use dependent upon cash flow needs of the organisation. Based on the investment objectives stated above, the specific objectives for these assets shall be to achieve a competitive interest rate on the cash deposits. In general, the cash shall be invested in short term investment opportunities offered by the bank's Relationship Manager, with an average duration of less than one year.

This should be invested only in Lloyds TSB in discussion with the School Relationship Manager, free from risk of loss, price fluctuation and instantly accessible unless otherwise approved by Governors. All transactions undertaken on behalf of the Academy shall be for the sole benefit of the Academy

5. Plans for Future Periods

The Academy intends to action fully the areas for development as detailed on the Academy Improvement Plan 2012/2013.

Approved by order of the members of the Governing Body on the 26th November 2012 and signed on its behalf by:


.....
Mr F Whitehead
Chairman

6. Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Accrington St Christopher's Church of England High School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management, and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Accrington St Christopher's Church of England High School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

Governors are allocated to Committees which are as follows:

Admissions; Appeals; Building & Land; Curriculum; Pupil Discipline; Finance & Audit; Pupil Welfare; Staffing & Appointments; Staffing Review; Staff Discipline/Dismissal/Appeals; Complaints Appeals – pupils; Grievance; Pay.

The main committees that meet on a regular termly cycle are: Building & Land; Curriculum; Finance & Audit; Pupil Welfare. All other committees meet annually or as and when required. Attendance at these meetings are on average running at 80% attendance.

The information on governance included here supplements that information described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meeting of the Governing Body was as follows:

- | | |
|----------------------------------|---|
| • 21 st November 2011 | 17 Governor attendance out of a possible 20 |
| • 20 th March 2012 | 16 Governor attendance out of a possible 20 |
| • 26 th June 2012 | 20 Governor attendance out of a possible 20 |

Members of the Academy Trust shall comprise:

1. Incumbent of the Parish of Accrington Christ the King Fr L Carson-Featham
2. The Director of Education, Blackburn Diocesan of Education
3. The Area Dean of Accrington
4. Mrs L Hargreaves Parochial Church Council of Great Harwood, St Bartholomew and Great Harwood St John and The Parochial Church Council of Knuzden St Oswald and Rishton St Peter and St Paul
5. Mr F Whitehead, Chair of Governors
6. Secretary of State appointment if required (not currently in use)
7. Mr D Anderson - Diocese appointment
8. Mr P Morgan

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Accrington St Christopher's CE High School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governors have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending the 31st August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

6. Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and Audit 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Colman, Whittaker & Roscow, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

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

- scrutiny from the Board
- scrutiny from the Finance & Audit Committee
- Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Business Manager within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on the 26 November 2012 and signed on its behalf by:



Mr F Whitehead
Chairman




Mr A Coates
Accounting Officer

7. Statement on Regularity, Propriety and Compliance

As accounting officer of Accrington St Christopher's Church of England High School, I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

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

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


.....
Mr A Coates
Accounting Officer

8. Statement of Governors' Responsibilities

The Governors (who act as Trustees for charitable activities and are also Directors of Accrington St Christopher's Church of England High School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Academy and of the incoming resources and application of resources, including the income and expenditure, of the Academy for the year. In preparing these financial statements, the Governors are required to:

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

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

The Governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Governors are aware:

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

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

Approved by order of the members of the Governing Body on the 26th November 2012 and signed on its behalf by:



Mr F Whitehead
Chairman

Independent Auditor's Report to the Members of Accrington St Christopher's Church of England High School

We have audited the financial statements of Accrington St Christopher's Church of England High School for the period ended the 31st August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Governors and auditor

As explained more fully in the Governors' Responsibilities Statement set out on page 17, the Governors (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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at the 31st August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006;

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Jeff Bellamy (senior statutory auditor)
For and on behalf of Colman, Whittaker & Roscow,
Statutory Auditor
The Close
Queen Square
Lancaster
LA1 1RS

Date 17-12-12

Independent Auditor's Report on Regularity to the Governing Body of Accrington St Christopher's Church of England High School and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy Trust during the period from the 3rd August 2011 to the 31st August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the EFA. Our review work has been undertaken so that we might state to the Governing Body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Governing Body and Auditors

The Governing Body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

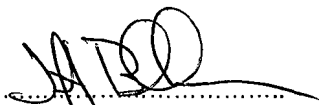
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period from the 3rd August 2011 to the 31st August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 3rd August 2011 to the 31st August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jeff Bellamy (senior statutory auditor)

For and on behalf of Colman, Whittaker & Roscow,
Statutory Auditor
The Close
Queen Square
Lancaster
LA1 1RS

Date 17-12-12

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	3	-	373	61	434
Transfer from local authority on conversion	28	-	-	17,300	17,300
Activities for generating funds	4	80	196	-	276
Investment income	5	1	-	-	1
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	6	-	6,304	23	6,327
Total incoming resources		81	6,873	17,384	24,338
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	377	-	377
Costs of activities for generating funds		72	196	-	268
<i>Charitable activities:</i>					
Academy's educational operations	8	-	6,053	140	6,193
Governance costs	9	-	14	-	14
<i>Other resources expended:</i>					
Transfer from local authority on conversion	28	-	389	-	389
Total resources expended	7	72	7,029	140	7,241
Net incoming/(outgoing) resources before transfers		9	(156)	17,244	17,097
Gross transfers between funds	17	-	(63)	63	-
Net income/(expenditure) for the year		9	(219)	17,307	17,097
Other recognised gains and losses					
Actuarial (losses) on defined benefit pension schemes	17, 26	-	(1,388)	-	(1,388)
Net movement in funds		9	(1,607)	17,307	15,709
Reconciliation of funds					
Funds brought forward to 3 rd August 2011	17	-	-	-	-
Funds carried forward at 31st August 2012		9	(1,607)	17,307	15,709

All of the Academy's activities derive from acquisitions during the above financial period.

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

Accrington St Christopher's Church of England High School

Balance sheet as at 31st August 2012

	Notes	2012 £000	2012 £000
Fixed assets			
Tangible assets	13		17,222
Current assets			
Debtors	14	102	
Cash at bank and in hand		333	
		<u>435</u>	
Creditors: Amounts falling due within one year	15	<u>(245)</u>	
Net current assets			190
Total assets less current liabilities			<u>17,412</u>
Creditors: Amounts falling due after one year	16	<u>(315)</u>	
Net assets excluding pension liability			17,097
Pension scheme liability	26		<u>(1,388)</u>
Net assets including pension liability			<u>15,709</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund(s)	17		17,307
General fund(s)	17		(219)
Pension reserve	17		<u>(1,388)</u>
Total restricted funds			15,700
Unrestricted funds	17		9
Total funds			<u>15,709</u>

The financial statements on pages 20 to 42 were approved by the Governors, and authorised for issue on the *26th November 2012* and are signed on their behalf by:



Mr F Whitehead
Chairman

Company Limited by Guarantee
Registration Number: 07728029

Cash Flow Statement for the period ended 31 August 2012

	Notes	2012 £000
Net cash inflow from operating activities	21	18,001
Capital expenditure	22	(17,279)
Cash transferred on conversion to an academy trust	28	(389)
Increase in cash in the year	23	<u>333</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 3 rd August 2011		-
Net funds at 31st August 2012		<u>333</u>

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

Notes to the Financial Statements for the period ended 31st August 2012

1 Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

- **Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. General Annual Grant (GAG) income is accounted for on a receivable basis, the balance of funds available to be carried forward is dictated by the rules of the funding agreement between the Academy Trust and the Secretary of State (see note 2).

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind / Conversion to an academy**

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

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

On conversion the Academy entered into a lease agreement with the Diocese who own the land from which the Academy operates. The length of this lease is of an undefined term. The buildings have been included within the financial statements at their insurance valuation per the 2012 policy.

Also on conversion the Academy entered into a lease arrangement to lease the playing fields attached to the Academy. This area is to be leased from Lancashire County Council over a period of 125 years for a peppercorn rental.

Also on conversion the Academy inherited the fixtures and fittings and other tangible assets for the continued use of the Academy. It has been decided that the cost of putting a valuation on these assets would be disproportionate to the value of the information this would provide and so they are included at a £nil valuation. However the insurance replacement valuation is currently £3,030,000.

The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

Long leasehold buildings	Over 125 years straight line
Motor vehicles	25% straight line

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Leased Assets

Rentals under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Statement of Financial Activities on a straight line basis over the period of the lease.

Taxation

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

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

1 Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, 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 are recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Young People's Learning Agency/Department for Education.

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

2 General Annual Grant (GAG)

a Results and carry forward for the year	2012 £000
GAG brought forward from previous period	-
GAG allocation for current period	5,827
Total GAG available to spend	5,827
Recurrent expenditure from GAG	5,594
Fixed assets purchased from GAG	63
GAG carried forward to next year	170
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(699)
GAG to surrender to DfE	(529)
(12% rule breached if result is positive)	no breach
b Use of GAG brought forward from previous period for recurrent purposes	
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)	
Recurrent expenditure from GAG in current period	5,594
GAG allocation for current period	(5,827)
GAG allocation from previous year x 2%	-
GAG b/fwd from previous period in excess of 2%, used on recurrent expenditure in current period	(233)
(2% rule breached if result is positive)	no breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Capital grants	-	61	61
Trips and other non public funds	-	357	357
Other donations	-	16	16
	<u>-</u>	<u>434</u>	<u>434</u>

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Catering income	-	196	196
Hire of facilities	15	-	15
Sale of educational goods and services	31	-	31
Music tuition	34	-	34
	<u>80</u>	<u>196</u>	<u>276</u>

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Short term deposits	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>

6 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
DfE/YPLA/EFA revenue grants			
General Annual Grant (GAG) (note 2)	-	5,827	5,827
Start Up grant	-	25	25
Other DfE/YPLA/EFA grants	-	42	42
	<u>-</u>	<u>5,894</u>	<u>5,894</u>
Other Government grants			
Local Authority grants	-	433	433
	<u>-</u>	<u>433</u>	<u>433</u>
	<u>-</u>	<u>6,327</u>	<u>6,327</u>

7 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2012 £000
		Premises £000	Other Costs £000	
Costs of generating voluntary income	1	12	364	377
Costs of activities for generating funds	133	2	133	268
Academy's educational operations				
Direct costs	3,567	132	377	4,076
Allocated support costs	1,587	263	267	2,117
Transfer from local authority	-	-	389	389
	<u>5,288</u>	<u>409</u>	<u>1,530</u>	<u>7,227</u>
Governance costs including allocated support costs	-	-	14	14
	<u>5,288</u>	<u>409</u>	<u>1,544</u>	<u>7,241</u>

The method used for the apportionment of support costs is disclosed in the accounting policies (note 1).

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

7 Resources Expended (continued)

2012
£000

Incoming/outgoing resources for the year include:

Operating leases	32
Fees payable to auditor	
Audit	3
Other services	9
Profit/(loss) on disposal of fixed assets	-

8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Direct costs			
Teaching and educational support staff costs	-	3,567	3,567
Depreciation	-	133	133
Educational supplies	-	240	240
Examination fees	-	109	109
Staff development	-	27	27
	-	4,076	4,076
Allocation supported costs			
Support staff costs	-	1,587	1,587
Depreciation	-	7	7
Recruitment, support and marketing	-	12	12
Maintenance of premises and equipment	-	113	113
Cleaning	-	8	8
Rent & rates	-	42	42
Insurance	-	40	40
Transport	-	11	11
Catering	-	53	53
Heat and light	-	106	106
Legal fees on conversion	-	26	26
Government Bursaries 16 - 18	-	16	16
Other support costs including Service Level Agreements and other professional fees	-	96	96
	-	2,117	2,117
	-	6,193	6,193

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

9 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Auditor's remuneration			
• Audit of financial statements	-	3	3
• Responsible officer audit	-	1	1
• Accountancy, taxation and other services	-	8	8
Support staff costs:			
Clerk to the Governors	-	2	2
	<u>-</u>	<u>14</u>	<u>14</u>

10 Staff Costs

	2012 £000
Staff costs during the period were:	
Wages and salaries	4,310
Social security costs	320
Pension costs	619
	<u>5,249</u>
Supply teacher costs	39
	<u>5,288</u>

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

	2012 Number	2012 Full-time equivalent
Charitable Activities		
Teachers	114	100
Administration and support	63	40
Management	7	7
	<u>184</u>	<u>147</u>

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

	2012 £000
£60,001 - £70,000	1
£70,001 - £80,000	1
£80,001 - £90,000	1
£110,001 - £120,000	1
	<u>4</u>

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

10 Staff Costs (continued)

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31st August 2012, pension contributions for these staff amounted to £45,789.

11 Governors' Remuneration and Expenses

The Headteacher and Staff Governors (Trustee Governors) only received remuneration in respect of services they provided undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors.

Disclosure of remuneration is made after giving due regard to what is of material interest to the reader of the financial statements and also the guidance issued by the EFA in October 2012.

This guidance states: 'Some Staff Governors sit on a Governing Body without also being Members of the Academy Trust (i.e. Trustees). Where Staff Governors are not Trustees then disclosure is not required.'

Related party transactions involving the Governors are set out in note 27.

12 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31st August 2012 was £1,041.

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

13 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Motor Vehicles £000	Total £000
Cost			
At 3 rd August 2011	-	-	-
Transfer on conversion	17,300	-	17,300
Additions	57	5	62
Disposals	-	-	-
At 31 st August 2012	17,357	5	17,362
Depreciation			
At 3 rd August 2011	-	-	-
Charged in year	139	1	140
Disposals	-	-	-
At 31 st August 2012	139	1	140
Net book values			
At 31 st August 2012	17,218	4	17,222
At 3 rd August 2011	-	-	-

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

14 Debtors

	2012 £000
Trade debtors	3
Prepayments	37
Other debtors	62
	<u>102</u>

15 Creditors: amounts falling due within one year

	2012 £000
Other creditors	182
Accruals and deferred income	63
	<u>245</u>

16 Creditors: amounts falling due after one year

	2012 £000
Balance owing to the Diocese	315
	<u>315</u>

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

17 Funds

	Balance at 3 rd August 2011 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 st August 2012 £000
Restricted general funds					
General Annual Grant (GAG)	-	5,827	(5,590)	(67)	170
Start Up Grant	-	25	(25)	-	-
Other DfE/YPLA/EFA grants	-	19	(19)	-	-
Local Authority grants	-	433	(433)	-	-
Other restricted funds	-	569	(962)	4	(389)
	-	6,873	(7,029)	(63)	(219)
Pension reserve	-	-	-	(1,388)	(1,388)
	-	6,873	(7,029)	(1,451)	(1,607)
Restricted fixed asset funds					
DfE/YPLA/EFA capital grants	-	23	-	-	23
Other capital grants	-	61	-	-	61
Capital expenditure from GAG	-	-	(2)	63	61
Assets on conversion	-	17,300	(138)	-	17,162
	-	17,384	(140)	63	17,307
Total restricted funds	-	24,257	(7,169)	(1,388)	15,700
Unrestricted funds	-	81	(72)	-	9
Total funds	-	24,338	(7,241)	(1,388)	15,709

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to carry forward 12% of the current GAG received in the accounting period. Of the carry forward amount, up to 2% of the GAG can be used for general purposes at the discretion of the School, but any balance over 2% must be used for the upkeep and improvement of premises or for capital purposes. At the period end the carry forward of GAG funding was £170,000.

The Start Up Grant was a one off grant provided by the EFA specifically to cover the costs of conversion to academy status. This was spent in full during the conversion to academy status.

Other DfE/YPLA/EFA Grants include monies received outside GAG funding, for example, the Pupil Premium. These funds have been spent in full by the 31st August 2012.

Local Authority Grants represents amounts payable to the academy predominantly from Lancashire County Council. A large percentage of these funds relate specifically to Special Educational Needs (SEN) funding. As at the 31st August 2012 these funds had been spent in full.

Other restricted funds include monies from trips & non public funds, catering, donations and the inherited deficit on conversion to academy status. During the period the trips & non public funds had no excess expenditure over income. The donations received are for restricted purposes and as at the period end all of the donations had been spent in full. The inherited deficit is repayable to the EFA and the full amount remains outstanding at the year end totalling £51,000.

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

17 Funds (continued)

Finally, within other restricted funds there exists a balance between the Academy and the Diocese amounting to £338,000. This balance came into existence prior to the conversion to academy status and is specifically related to the Sixth Form Centre. This balance is repayable to the Diocese over an 8-year period. It is expected that the St Christopher's Appeal Fund will donate the value of each repayment to the school and thus all repayments will be financed from these monies rather than from government funding. It has been agreed that no interest will be charged on the outstanding balance.

DfE/YPLA/EFA capital grants represent capital monies received during the period from the EFA. This balance remains unspent at the year end and the full amount is carried forward to the next accounting period.

Other capital grants represent capital monies received from the Diocese on conversion to academy status. This balance remains unspent at the year end and the full amount is carried forward to the next accounting period.

Assets on conversion represent the transfer of leasehold assets valued at £17,300,000 per the insurance valuation, into the Academy on conversion to academy status depreciated over a 125 year period.

Unrestricted funds represent funds generated via activities such as from lettings, the provision of music lessons to students and bank interest receivable. The surplus on this fund at the period end generated via lettings and interest received was £9,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy.

18 Analysis of net assets between funds

Fund balances at 31st August 2012 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	17,222	17,222
Current assets	9	341	85	435
Current liabilities	-	(245)	-	(245)
Long term liabilities	-	(315)	-	(315)
Pension scheme liability	-	(1,388)	-	(1,388)
Total net assets	9	(1,607)	17,307	15,709

19 Capital commitments

	2012 £000
Contracted for, but not provided in the financial statements	200

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

20 Financial commitments

Operating leases

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

	2012
	£000
Land and buildings	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
	<hr/>
Other	
Expiring within one year	61
Expiring within two and five years inclusive	130
Expiring in over five years	-
	<hr/>
	191

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

	2012
	£000
Net income	86
Depreciation (note 13)	140
Capital grants from DfE/YPLA/EFA and other capital income	17,384
Interest receivable (note 5)	1
FRS 17 pension cost less contributions payable (note 26)	(11)
FRS 17 pension finance income (note 26)	(57)
(Increase)/decrease in debtors	(102)
Increase/(decrease) in creditors	560
	<hr/>
Net cash inflow from operating activities	18,001

22 Capital expenditure and financial investment

	2012
	£000
Purchase of tangible fixed assets	(63)
Capital grants from DfE/YPLA/EFA	23
Capital funding received from others	61
Assets on conversion	(17,300)
	<hr/>
Net cash outflow from capital expenditure and financial investment	(17,279)

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

23 Analysis of changes in net funds

	At 3 rd August 2011 £000	Cash flows £000	At 31 st August 2012 £000
Cash in hand and at bank	-	333	333
	-	333	333

24 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Diocese the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

25 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

26 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31st March 2004 and of the LGPS 31st March 2010.

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

Teachers' Pension Scheme

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

26 Pension and similar obligations (continued)

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

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1st April 2001 – 31st March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31st August 2012 was £190,000, of which employer's contributions totalled £130,000 and employees' contributions totalled £60,000. The agreed contribution rates for future years are 19.1% for employers and the rate for employees remains dependent on the salary of the employee.

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

Principal Actuarial Assumptions

At 31st
August
2012

Rate of increase in salaries	4.3%
Rate of increase for pensions in payment / inflation	2.3%
Discount rate for scheme liabilities	4.5%
Inflation assumption (CPI)	2.3%
Commutation of pensions to lump sums	50%

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

At 31st
August
2012

Retiring today

Males	22
Females	24.7

Retiring in 20 years

Males	23.8
Females	26.6

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31st August 2012	Fair value at 31st August 2012 £000
Equities	7.0%	271
Government Bonds	2.5%	21
Other Bonds	3.4%	75
Property	6.0%	38
Cash	0.5%	17
Other	7.0%	1
Total market value of assets		423
Present value of scheme liabilities		
- Funded		(1,811)
Surplus/(deficit) in the scheme		(1,388)

The actual return on scheme assets was £26,000.

Amounts recognised in the statement of financial activities

	2012 £000
Current service cost (net of employee contributions)	176
Past service cost	-
Total operating charge	176
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	30
Interest on pension liabilities	(87)
Pension finance income / (costs)	(57)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,388,000 loss

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2012 £000
At 3rd August 2011	-
Business combinations	1360
Current service cost	176
Past service cost	-
Interest cost	77
Employee contributions	61
Actuarial (gain)/loss	165
Curtailments and settlements	-
Benefits paid	(28)
At 31st August 2012	<u>1,811</u>

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

	2012 £000
At 3rd August 2011	-
Business combinations	177
Expected return on assets	17
Actuarial gain/(loss)	9
Employer contributions	187
Employee contributions	61
Assets distributed on settlements	-
Transfer in of new members	-
Benefits paid	(28)
At 31st August 2012	<u>423</u>

The estimated value of employer contributions for the period ended 31st August 2013 is £190,000.

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

	2012 £000
Present value of defined benefit obligations	(1,811)
Fair value of share of scheme assets	423
Surplus/(Deficit) in the scheme	<u>(1,388)</u>
Experience adjustments on share of scheme assets	<u>9</u>
Experience adjustments on scheme liabilities:	<u>-</u>

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

27 Related Party Transactions

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

During the accounting period the Academy purchased services from one company in which a Governor has an interest. Services to a value of £490 (net of VAT) were purchased during the accounting period from Peter Morgan Motors and the amount paid was reflective of market value.

No other transactions with Governors were undertaken during the course of the period ended 31st August 2012.

28 Conversion to an Academy Trust

On the 1st September 2011 the predecessor school converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Accrington St Christopher's Church of England High School from Lancashire County Council for £nil consideration.

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

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	17,300	17,300
Budget (deficit) on LA funds	-	(51)	-	(51)
Borrowing obligations	-	(338)	-	(338)
Other identified assets and liabilities				
Net assets / (liabilities)	<u>-</u>	<u>(389)</u>	<u>17,300</u>	<u>16,911</u>

The above net assets include (£389,000) that were transferred as cash liabilities.

The lease terms of the leasehold buildings are discussed within the accounting policies (note 1). The inherited deficit on LA funds is repayable to the EFA and the full amount remains outstanding at the 31st August 2012 totalling £51,000.

Notes to the Financial Statements for the period ended 31st August 2012 (continued)

28 Conversion to an Academy Trust (continued)

Finally the borrowing obligation balance of £338,000 came into existence prior to the conversion to academy status and is specifically related to the Sixth Form Centre. This balance is repayable to the Diocese over an 8 year period. It is expected that the St Christopher's Appeal Fund will donate the value of each repayment to the school and thus all repayments will be financed from these monies rather than from government funding. It has been agreed that no interest will be charged on the outstanding balance.