

Company Registration Number
07713374 (England and Wales)

St Ives Infant School
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Period Ended 31 August 2012

St Ives Infant School

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St Ives Infant School

Reference and Administrative Details

Governors (Trustees and Directors)	<p>J McWilliams – Appointed Governor and Chair - appointed on conversion – 1 September 2011</p> <p>*C Whelan – Appointed Governor - appointed on conversion – 1 September 2011</p> <p>*J Dean – Principal - appointed on conversion – 1 September 2011</p> <p>C J Ford – Parent Governor - appointed 19 March 2012</p> <p>J A Marsden – Parent Governor - appointed 19 March 2012</p> <p>G S Anderson – Parent Governor - appointed on conversion – 1 September 2011</p> <p>*S Veal – Parent Governor - appointed on conversion – 1 September 2011</p> <p>D Elliot – Appointed Governor - appointed on conversion – 1 September 2011</p> <p>*T R Murray – Appointed Governor and Vice Chair - appointed on conversion 1 September 2011</p> <p>*S Perkin – Appointed Governor - appointed on conversion 1 September 2011</p> <p>*V A Gilbert – Staff Governor - appointed on conversion 1 September 2011</p> <p>G Davies – Staff Governor - appointed on conversion 1 September 2011</p>
Governors (not Trustees or Directors)	<p>* R S Berg Hollow – Parent Governor - appointed on conversion – 1 September 2011 and resigned 27 February 2012</p> <p>N J D Thomas – Appointed Governor - appointed on conversion 1 September 2011</p> <p>M L Armstrong – Co-opted Governor - appointed 5 September 2011</p> <p>* Members of the Finance and General Purpose Committee.</p>
Senior Management Team	This consists of the Principal, Chair and Vice Chair
Principal and Registered Office	Trenwith Burrows St Ives Cornwall TR26 1DH
Company Registration Number	07713374 (England and Wales)
Senior Statutory Auditor	Paula Thomas BA FCA DChA
Independent Auditor	Walker Moyle Chartered Accountants Alverton Pavilion Trewithen Road Penzance Cornwall TR18 4LS

St Ives Infant School

Reference and Administrative Details (Continued)

Bankers	The Co-operative Bank P O Box 250 Skelmersdale WN8 6WT
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Solicitors	Coodes Solicitors Elizabeth House Castle Street Truro Cornwall TR1 3AP
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St Ives Infant School

Governors' Report

The governors present their report, which includes the Directors' Report, together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012. This is the first year following incorporation on 21 July 2011. The school converted to an academy on 1 September 2011.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors act as the trustees for the charitable activities of St Ives Infant School. The governors, except as noted on Page 1, are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Ives Infant School.

Details of the governors who served throughout the period are included in the Reference and Administrative details on Page 1.

Members' Liability

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

Governors' Indemnities

The Directors and Officers (employees whilst acting in a managerial or supervisory capacity) of the academy are covered against claims as part of the Academy's Professional Indemnity Insurance. It has not been possible to individually identify the cost of the policy as it is part of the general insurance policy.

Principal Activities

The Principal Activity of St Ives Infant School is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

The first governors are those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

Other governors are appointed as follows:

- a) By members – The members may appoint up to 15 governors. They can appoint staff governors through such process as they may determine, provided that the total number of governors (including the Principal) who are employed by the academy trust does not exceed one-third of the total number of governors.
- b) Local Authority – The Local Authority may appoint the Local Authority Governor.
- c) Ex Officio Governor – Shall be the Principal.
- d) By parents – The parent governors shall be elected by parents of registered pupils at the academy. A parent governor must be a parent of a pupil at the academy at the time when elected. There should be a minimum of 2 parent governors.

St Ives Infant School

Governors' Report (Continued)

- e) Governing body - Can appoint parent governors if the number of parents standing for election is less than the number of vacancies.
- f) The Governors – The governors may appoint up to 3 co-opted governors. The governors may not co-opt an employee of the academy trust as a co-opted governor if the number of governors who are employed by the academy trust would exceed one-third (including the Principal).
- g) The Secretary of State – May appoint Additional Governors in the following circumstances:
 - i. If the governors have received a warning notice and the governors have failed to comply with the notice to the Secretary of State's satisfaction within the compliance period.
 - ii. Where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the academy trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by St Ives Infant School shall be regarded as the grade received by the academy.
 - iii. The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the academy.

Within 5 days of the Secretary of State appointing any Additional or Further Governors, any governors appointed under Article 50 of the Memorandum and Articles of Association and holding office immediately preceding the appointment of such governors, shall resign immediately and the Members' power to appoint governors under Article 50 shall remain suspended until the Secretary of State removes one or more of the Additional or Further Governors.

The term of office for any governor except the Principal shall be 4 years. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Governors

All governors are related to the academy in some way and are therefore familiar with the academy. All governors have the opportunity to go on training courses and receive guidance and training from existing governors.

Organisational Structure

The decisions relating to the running of the academy are made by the Board of Governors, who meet on a regular basis. Academy policies and recommendations for future action can be put to the Board of Governors by any governor. Although the majority of the recommendations are by the governors employed by the academy. The day to day running of the academy is delegated to the Principal. The Vice Principal, Chair and Vice Chair support the Principal in the day to day management of the academy.

Risk Management

The major risk to which the academy is exposed is a reduction in funding either due to a reduction in pupil numbers or a change in the funding from the government. This risk is mitigated by an annual budget being prepared and regularly reviewed to ensure that resources expended do not exceed incoming resources.

The charity also has a risk of misstatement of income, however this is mitigated as the majority of the academy's income is from the Education Funding Agency via the General Annual Grant (GAG). Sufficient paperwork exists to support the payment and adequate systems are in place to ensure that the income is included in the accounts.

St Ives Infant School

Governors' Report (Continued)

Connected Organisations, including Related Party Relationships

All of the governors are related parties of the academy. Full details of related party transactions are included at Note 23 to the accounts.

Objectives and Activities

Objects and Aims

The object of the academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The academy's motto is 'Setting Sail for New Horizons'.

For every child to set out confidently on the adventure of learning: curious about the world, excited about their future, positive about their ability and caring towards other people.

The academy's aims are:

Curious about the world

- To promote awareness and understanding of other cultures
- To develop the children's motivation, discovering their special interests and talents
- To introduce the children to a wide range of new experiences, ideas and activities
- To encourage the children to ask questions about the world, talk about their ideas and express their opinions

Excited about their future

- To make children excited about learning and eager to move on to the next stage of their education
- To help children to look beyond their immediate surroundings and their own personal experiences
- To shape a curriculum which will develop the knowledge and skills which the children will need to meet the challenges of their future lives
- To involve children in problem solving and develop their capacity to be active citizens

Positive of their ability

- To help children to reach the highest levels of achievement in all they do
- To demonstrate to all the children that they are able to learn
- To provide the highest quality of teaching for all children
- To develop the children's awareness of their own learning and the value of perseverance and dedication in their learning
- To identify and strive to meet the children's Special Educational Needs

Caring of other people

- To develop sensitivity to the feelings and concerns of other people
- To demonstrate compassion and respect for other people
- To develop the children's moral understanding
- To learn how to co-operate and work with other people

Objectives, Strategies and Activities

To ensure that the staff and governors become familiar with the additional responsibilities and opportunities by operating as an academy. For all children to have a successful year of learning and development.

Public Benefit

The academy benefits the public by being open to all infant children with no fees being charged for admittance to the academy. The academy is also an important central part of the local community.

The trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008 to have due regard to the public benefit guidance, published by the Charity Commission.

St Ives Infant School

Governors' Report (Continued)

Achievements and Performance

The school opened as an academy on 1 September 2011 and completed a successful first year during which staff and governors became familiar with the requirements of the new status and began to explore the new opportunities which are available.

Over the course of the year staff and governors contributed their ideas to shape a new curriculum for the children, the 'Setting Sails Curriculum', which was ready to launch in September 2012. During the year the children enjoyed a special 'Around the World' week and the chance to attend a number of new after school and lunchtime clubs.

The school invested in additional individual support for children with particular needs and this proved very effective in helping the school to meet its aim of increasing the percentage of children attaining Level 2C and above in core subjects at the end of Year 2.

The children's attainment at the end of Year 2 was above national and local authority results in reading, writing, mathematics and science and the highest for the school in the last three years. This attainment was the result of high levels of progress by the children through the school.

The school's Early Years Foundation Stage Profile results, at the end of Reception, were also very good, with 75% of children achieving a good level of development compared with 63% in Cornwall and 59% nationally. A focus over the school year on the development of writing skills resulted in a significant increase in the children's attainment in this area.

During the year the school invested in enhancing the outdoor area used by the Reception children and continuing the refurbishment of cloakrooms and toilets.

Going Concern

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

Key Financial Performance Indicators

The Key Financial Performance Indicators are:

General Annual Grant (GAG) received in period to 31 August 2012	£693,785
General Annual Grant carried forward at 31 August 2012	£NIL
Level of unrestricted reserves carried forward at 31 August 2012	£75,091

Financial Review

Financial and Risk Management Objectives and Policies

The academy's principal financial instruments comprise bank balances, trade creditors and other debtors. The main purpose of these instruments is to finance the academy's operations.

Due to the nature of the financial instruments used by the academy there is no exposure to price risk. The academy's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by a continual review of the balance and the forecast expenditure, to ensure that the account never goes overdrawn and all liabilities are met.

Other debtors mainly consist of grants due but not yet paid. Due to their nature and recognition when the income is almost certain, the risk is minimal.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

St Ives Infant School

Governors' Report (Continued)

Principal Risks and Uncertainties

The largest financial risk would relate to an unexpected liability. All resources expended are only paid when properly authorised and expenditure is continually reviewed. Reserves are kept at a level to try to ensure that any unexpected expenditure can be met.

Reserves Policy

There are no designated reserves. All restricted reserves relate to income received with conditions regarding expenditure. The pension deficit of £79,000 represents the deficit on the Local Government Pension Scheme. An immediate liability does not arise for this amount. The level of free, unrestricted reserves at the 31 August 2012 is £75,091.

Investment Policy

The academy retains surplus funds in its bank accounts. The Board of Governors monitor the type of bank accounts held and decide to either close or open additional accounts if necessary.

The governor's have the power to invest any funds of the academy not immediately required for the furtherance of its objects, but to invest only after obtaining such advice from a financial expert as the governors consider necessary and having regard to the suitability of investments and the need for diversification.

Plans for Future Periods

The governors' key priority in 2012 – 2013 is to maintain the high levels of attainment and progress achieved in the past year through continued high quality teaching. The use of carefully targeted intervention groups will continue and be extended to include more children in Year 1 and Reception. New teaching teams will be established in each year group.

The school's Setting Sails curriculum which was developed throughout 2011 – 2012 will be launched at the start of the school year. The curriculum will enable teachers to respond to the children's interests and needs and take greater account of local and national events when planning topics. Periods of independent learning will be incorporated into the timetables for all year groups.

In the coming year the school will be investing in new IT equipment. The children's laptops will be replaced, the teachers' upgraded and a new server installed. New interactive whiteboards will also be purchased for four classrooms.

The refurbishment of toilets and cloakroom areas will continue and the safety surface under the playground apparatus will be replaced. A quiet area within the school field will be created for the children to use for reading, talking and exploring and the enhancement of the Reception courtyard will be completed.

Auditor

In so far as the governors are aware:

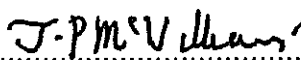
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

St Ives Infant School

Governors' Report (Continued)

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

Approved by order of the members of the governing body on 3 December 2012 and signed on its behalf by:


.....

J P McWilliams (Chair)

St Ives Infant School

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that St Ives Infant 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 Principal 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 St Ives Infant School and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The **governing body** has formally met 5 times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
J McWilliams	5	5
C Whelan	3	5
J Dean	5	5
C J Ford	1	2
J A Marsden	1	2
G S Anderson	5	5
S Veal	3	5
R S Berg Hollow	1	2
D Elliot	2	5
T R Murray	4	5
S Perkin	1	5
N J D Thomas	3	5
V A Gilbert	5	5
G Davies	5	5
M L Armstrong	1	4

The **Finance and General Purposes Committee** is a sub-committee of the main governing body. Its purpose is to manage and direct the academy's finances and specialist issues.

St Ives Infant School

Governance Statement (Continued)

Governance (Continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
T R Murray	3	4
J Dean	4	4
C Whelan	3	4
S Veal	2	4
S Perkin	2	4
V A Gilbert	4	4
R S Berg Hollow	0	2

The following non-governors also attended the meetings:

D Butcher (Premises Manager)	3	4
L Stevens (Secretary)	4	4
M Collins (St Ives Cluster Business Manager)	2	4

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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 report which are reviewed and agreed by the governing body;
- regular reviews by the Finance and General Purposes Committee which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

St Ives Infant School

Governance Statement (Continued)

The Risk and Control Framework (Continued)

- 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 G S Anderson, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis the RO reports to the governing body at the full governors' meetings on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The RO function has been fully delivered in line with the Education Funding Agency's requirements.

No material control issues have been identified by the RO during the performance of her role as RO.

Review of Effectiveness

The accounting officer has responsibility for reviewing the effectiveness of internal control. During the period in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance of self-assessment process;
- the work of the executive managers within the academy trust 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Development of Systems

The systems in place are based on the systems for when the academy operated as a maintained school. The academy has then updated any weaknesses identified prior to conversion.

Approved by order of the members of the governing body on 3 December 2012 and signed on its behalf by:

.....J. P. McWilliams.....

J P McWilliams (Chair)

.....J Dean.....

J Dean (Accounting Officer)

St Ives Infant School

Statement of Regularity, Propriety and Compliance

As accounting officer of St Ives Infant School I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with the Education Funding Agency 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.

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J Dean (Accounting Officer)

St Ives Infant School

Statement of Governors' Responsibilities

The governors (who, with the exception of the governors as recorded on Page 1, act as trustees for charitable activities of St Ives Infant School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

The governors are responsible for keeping adequate 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirement both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education Funding Agency/Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the governing body on 3 December 2012 and signed on its behalf by:


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J P McWilliams (Chair)

St Ives Infant School

Independent Auditor's Report on the Financial Statements to the Governing Body of St Ives Infant School

We have audited the financial statements of St Ives Infant School for the period ended 31 August 2012 which comprise the Statement of Financial Activities, incorporating the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Annual Accounts Direction 2011/12 issued by the Education Funding Agency and applicable law.

This report is made solely to the company's members, as a body, in accordance with section 17 of the Companies Act 2011. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the options we have formed.

Respective Responsibilities of Governors and Auditor

As explained more fully in the Statement of Governors' Responsibilities set out on Page 13 the governors (who, with the exception of the governors listed at Page 1, are also the directors of the charitable company 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

A description of the scope of an audit of financial statements is provided by the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with the financial reporting framework, including United Kingdom Generally Accepted Accounting Practice, the Accounts Direction 2011/12 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

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

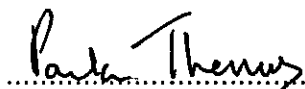
St Ives Infant School

**Independent Auditor's Report on the Financial Statements to the Governing Body of
St Ives Infant School (Continued)**

Matters on which we are required to report by exception

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

- the academy trust has not kept proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

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Paula Thomas BA FCA DChA (Senior Statutory Auditor)

for and on behalf of Walker Moyle Chartered Accountants and Statutory Auditors
Alverton Pavilion
Trewithen Road
Penzance
Cornwall
TR18 4LS

Date: 11 December 2012

St Ives Infant School

Independent Auditor's Report on Regularity to the Governing Body of St Ives Infant School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 5 November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the governing body and Auditors

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

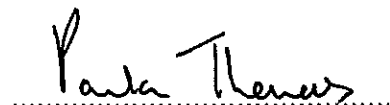
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

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

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Paula Thomas BA FCA DChA
Senior Statutory Auditor

Date: 11 December 2012

St Ives Infant School

Statement of Financial Activities for the Period Ended 31 August 2012

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Incoming resources					
Incoming resources from generated funds:					
• Voluntary income	3	3,086	3,488	-	6,574
• Voluntary income – transfer from Local Authority on conversion	3+25	43,664	(45,000)	1,021,588	1,020,252
• Activities for generating funds	4	5,085	15,840	-	20,925
• Investment income	5	211	-	-	211
Incoming resources from charitable activities:					
• Funding for the Academy's educational operations	6	22,224	819,689	43,966	885,879
Total incoming resources		<u>74,270</u>	<u>794,017</u>	<u>1,065,554</u>	<u>1,933,841</u>
Resources expended					
Charitable activities:					
• Academy's educational operations	7+8	3,569	804,001	23,042	830,612
Governance costs	7+9	-	18,099	-	18,099
Total resources expended	7	<u>3,569</u>	<u>822,100</u>	<u>23,042</u>	<u>848,711</u>
Net incoming/(outgoing) resources before transfers					
Gross transfers between funds	17	4,390	(5,710)	1,320	-
Net income/(expenditure) for the period before other recognised gains and losses		<u>75,091</u>	<u>(33,793)</u>	<u>1,043,832</u>	<u>1,085,130</u>
Gains on revaluation of fixed assets for the academy's own use	13	-	-	139,400	139,400
Actuarial losses on defined benefit pension scheme	22	-	(38,000)	-	(38,000)
Net movement in funds		<u>75,091</u>	<u>(71,793)</u>	<u>1,183,232</u>	<u>1,186,530</u>
Reconciliation of funds					
Funds carried forward at 31 August 2012		<u>75,091</u>	<u>(71,793)</u>	<u>1,183,232</u>	<u>1,186,530</u>

All of the academy trust's activities derive from acquisitions in the current financial period. There were no other activities acquired or disposed of during the 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.

Balance Sheet as at 31 August 2012

	Note	2012	
		£	£
Fixed assets			
Tangible assets	13		1,181,152
Current assets			
Stock	14	5,145	
Debtors	15	43,874	
Cash at bank and in hand		114,008	
		<u>163,027</u>	
Creditors: Amounts falling due within one year	16	78,649	
Net current assets			<u>84,378</u>
Total assets less current liabilities			<u>1,265,530</u>
Net assets excluding pension liability			1,265,530
Pension scheme liability	22		(79,000)
Net assets including pension liability			<u><u>1,186,530</u></u>
Funds of the academy:			
Restricted funds			
• Fixed asset funds		1,183,232	
• General funds		7,207	
• Pension reserve		(79,000)	
Total restricted funds	17		<u>1,111,439</u>
Unrestricted funds			
• General fund	17		75,091
Total unrestricted funds			<u>75,091</u>
Total funds			<u><u>1,186,530</u></u>

The financial statements on Pages 1 to 37 were approved by the governors, and authorised for issue on 3 December 2012 and are signed on their behalf by:

J. P. McWilliams

J P McWilliams (Chair)

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency, the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (2008) and the historic cost basis of accounting. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. The income is derived from the Ordinary Activities and is stated after trade discounts, other sales taxes and net of VAT (if charged).

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The General Annual Grant (GAG) is received for each school year, which is the same as the accounting reference date. The full entitlement for the school year is included in the accounts.

Fixed asset grants are included when the academy is certain that it will receive the grant and the amount can be reliably measured.

- **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, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the academy 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 academy trust's policies.

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

1. Statement of Accounting Policies (Continued)

Incoming Resources (Continued)

- **Transfer of assets and liabilities from the Local Authority**

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

The assets and liabilities transferred on conversion from St Ives Infant School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for St Ives Infant School. 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.

The assets and liabilities transferred on conversion to the academy are included at valuation at 1 September 2011. The assets were valued at current market value at 1 September 2011. The significant asset, the school building, has been valued based on the market value at 1 April 2011. The governors consider this to not be materially different to the value at 1 September 2011. The other assets have been valued based on the governors' best estimate of the value. The money transferred from the Local Authority is included at the value transferred. The pension scheme deficit is the deficit per the pension scheme report at 31 August 2011.

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 trust's educational operations. All support costs not analysed as governance costs are allocated to charitable activities.

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. 10% of the Principal's gross salary including employer's pension and National Insurance and 20% of the academy's administration staff gross salary including employers pension and National Insurance have been allocated to governance costs.

The full annual audit and accounts cost and 20% of the cost of the external accountant have been allocated to governance costs.

All resources expended are inclusive of irrecoverable VAT.

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

1. Statement of Accounting Policies (Continued)

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold buildings	Equally over 50 years
Fixtures, fittings and equipment	Equally over 10 years
ICT equipment	Equally over 3 years
Paintings	Not depreciated due to a high residual value

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 are charged equally over the term of lease.

Stock

Unsold uniforms, catering and other stocks are valued at the lower of cost or net realisable value.

Taxation

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

Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi employer scheme, and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

1. Statement of Accounting Policies (Continued)

Pension Benefits (Continued)

The LGPS is known as the 'Cornwall Pension Fund'. It is a funded scheme and the assets are held separately from those of the academy trust 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 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

Incoming resources and resources expended are allocated to the appropriate fund. Any transfers between funds are done at the year end. All restricted balances are retained where there is agreement with the fund provider to do so.

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

Restricted asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

Volunteers

The parent and other volunteer time given freely has not been included in the accounts.

2. General Annual Grant (GAG)

a) Results and Carry Forward for the Period

	2012
	£
GAG allocation for current period	693,785
Total GAG available to spend	693,785
Recurrent expenditure from GAG	(692,465)
Fixed assets purchased from GAG	(1,320)
GAG carried forward to next year	-
Maximum permitted GAG carry forward at end of current period (12% of allocation for current year)	(83,254)
GAG to surrender to DfE	
(12% rule breached if result is positive)	(83,254)
	no breach

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

3. Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Donations on conversion to academy status	43,664	(45,000)	1,021,588	1,020,252
Other donations	3,086	3,488	-	6,574
	<u>46,750</u>	<u>(41,512)</u>	<u>1,021,588</u>	<u>1,026,826</u>

The negative £45,000 represents the pension deficit on conversion.

4. Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Catering Income	-	15,840	-	15,840
Lettings	4,467	-	-	4,467
Other	618	-	-	618
	<u>5,085</u>	<u>15,840</u>	<u>-</u>	<u>20,925</u>

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Short term deposits	<u>211</u>	<u>-</u>	<u>-</u>	<u>211</u>

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

6. Funding for academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2012 £
DfE/EFA capital grant				
Backlog maintenance	-	-	37,941	37,941
Devolved Formula Capital Grant	-	-	6,025	6,025
	<u>-</u>	<u>-</u>	<u>43,966</u>	<u>43,966</u>
DfE/EFA revenue grants				
General Annual Grant (GAG) Note 2	-	693,785	-	693,785
Start Up Grant	-	25,000	-	25,000
Nursery funding	-	83,065	-	83,065
Other DfE/EFA Grants	22,224	11,479	-	33,703
	<u>22,224</u>	<u>813,329</u>	<u>-</u>	<u>835,553</u>
Other government grants				
School Development grant	-	842	-	842
Other	-	5,518	-	5,518
	<u>22,224</u>	<u>819,689</u>	<u>43,966</u>	<u>885,879</u>

7. Resources Expended

	Staff Costs £	Non pay Premises £	Expenditure Other Costs £	Total 2012 £
Costs of activities for generating funds				
Academy's educational operations				
• Direct costs	557,741	-	40,962	598,703
• Allocated support costs	79,807	103,737	48,365	231,909
	<u>637,548</u>	<u>103,737</u>	<u>89,327</u>	<u>830,612</u>
Governance costs including allocated support costs	13,639	-	4,460	18,099
	<u>651,187</u>	<u>103,737</u>	<u>93,787</u>	<u>848,711</u>

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

7. Resources Expended (Continued)

Incoming/outgoing resources for the period include:

	2012 £
Operating leases	2,121
Depreciation	1,990
Fees payable to auditor	
• Audit	2,500
• Other services	750
	<u>2,500</u>

8. Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Direct costs				
Teaching and educational support				
staff costs	-	557,741	-	557,741
Educational supplies	462	21,184	-	21,646
Staff development	-	8,747	-	8,747
ICT costs	-	4,288	-	4,288
School trips	-	2,008	-	2,008
Music tuition	-	2,173	-	2,173
Swimming	-	2,100	-	2,100
	<u>462</u>	<u>598,241</u>	<u>-</u>	<u>598,703</u>
Allocated support costs				
Academy set-up	-	19,441	-	19,441
Support staff costs	-	79,807	-	79,807
Depreciation	-	-	1,990	1,990
Maintenance of premises and equipment	-	12,054	21,052	33,106
Cleaning	-	29,379	-	29,379
Rent and rates	-	5,999	-	5,999
Heating and Lighting	-	7,556	-	7,556
Insurance	-	25,092	-	25,092
Security and transport	-	615	-	615
Office expenses, including telephone, printing and photocopying	-	3,005	-	3,005
Non Curriculum SLA	-	11,219	-	11,219
Catering	-	10,786	-	10,786
Other support costs	3,107	807	-	3,914
	<u>3,107</u>	<u>205,760</u>	<u>23,042</u>	<u>231,909</u>
	<u>3,569</u>	<u>804,001</u>	<u>23,042</u>	<u>830,612</u>

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

9. Governance Costs

	Restricted Funds	Total 2012
	£	£
Direct costs	6,900	6,900
Auditor's remuneration		
• Audit of financial statements	2,500	2,500
• Other Services	750	750
Support costs	7,949	7,949
	<u>18,099</u>	<u>18,099</u>

10. Staff Costs

Staff costs during the period were:

	2012
	£
Wages and salaries	529,755
Social security costs	32,308
Pension costs	73,773
	<u>635,836</u>
Supply teachers costs	15,351
	<u>651,187</u>

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

	2012
	No.
Charitable Activities	
Teachers (including Principal)	10
Administration and support	13
	<u>23</u>

The following employees were remunerated more than £60,000 during the period:

Teachers £60,000 - £70,000	<u>1</u>
----------------------------	----------

The Teacher was part of the Teachers' Pension Scheme. £8,025 of pension payments were made by the academy for the teacher.

10 of the above average number of teacher employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £49,317. 10 of the other employees participated in the Local Government Pension Scheme, pension contributions amounted to £24,456 (net of £4,000 pension finance income less pension finance costs).

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

11. Governors' remuneration and expenses

Principal and Staff Governors who are trustees, members or directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. The amounts paid during the period were within the following bands:

Principal:	£60,000 - £65,000
Other Staff Governor 1:	£40,000 - £45,000
Other Staff Governor 2:	£5,000 - £10,000

The Principal and Other Staff Governor 1 are included in the Teacher's Pension Scheme and the Other Staff Governor 2 is included in the Local Government Pension Scheme. The academy pays employer's contributions for each of the above.

Other Governors did not receive any payments including expenses, from the academy in respect of their role as governors, trustees and/or directors.

Other related party transactions involving the governors are set out in Note 23.

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 £5,000,000 on any one claim. It has not been possible to separately identify the cost for the period ended 31 August 2012.

13. Tangible Fixed Assets

a)	Long Leasehold Land and Buildings £	Improvements to Leasehold Property £	Furniture and Equipment £	Computer Equipment £	Total £
Cost or Valuation					
Transferred on conversion at 1 September 2011	994,782	-	3,950	1,533	1,000,265
Additions	-	42,157	-	1,320	43,477
Revaluation	139,400	-	-	-	139,400
At 31 August 2012	1,134,182	42,157	3,950	2,853	1,183,142
Depreciation					
Charged in period	-	843	195	952	1,990
At 31 August 2012	-	843	195	952	1,990
Net book values					
At 31 August 2012	1,134,182	41,314	3,755	1,901	1,181,152

The leasehold property was revalued on the 1 April 2012 to £1,134,182 by the Local Authority, Cornwall Council. This is an external party to the academy. The basis of valuation is in accordance with FRS 15. If the leasehold property had not been revalued it would have been depreciated in accordance with the academy's accounting policy. The depreciation would have been £19,896 and the net book value at 31 August 2012 would have been £974,886.

St Ives Infant School**Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)****13. Tangible Fixed Assets (Continued)**

b) Note of historical cost surplus and deficits.

	2012 Total £
Reported surplus before other recognised gains and losses	1,081,130
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	(19,896)
Historical cost surplus	<u>1,061,234</u>

14. Stock

	2012 £
Clothing	798
Catering	100
Other	4,247
	<u>5,145</u>

15. Debtors

	2012 £
Trade debtors	5,632
Prepayments	6,227
Other debtors	32,015
	<u>43,874</u>

16. Creditors: amounts falling due within one year

	2012 £
Trade creditors	13,171
Accruals	65,478
	<u>78,649</u>

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

17. Funds

Fund	Note	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
Restricted general funds:					
General Annual Grant (GAG)	a	693,785	(674,055)	(19,730)	-
Start up grant	b	25,000	(19,441)	(5,559)	-
Family Learning	c	1,054	(1,054)	-	-
Special Educational Needs	d	11,479	(10,971)	-	508
Extended Schools	e	1,298	(1,298)	-	-
School Development Grant	f	842	-	-	842
3/4 year old free nursery places	g	83,065	(78,015)	-	5,050
Fundraising for other charities	h	516	(516)	-	-
School trips	i	1,357	(2,008)	651	-
Music Classes	i	1,913	(2,173)	260	-
Catering	i	15,840	(29,602)	13,762	-
Swimming	i	1,194	(2,100)	906	-
Donation – Jubilee Room	h	800	-	-	800
Donation – Same Earth	h	7	-	-	7
Retirement fund	h	867	(867)	-	-
Pension fund	p	(45,000)	-	(34,000)	(79,000)
		794,017	(822,100)	(43,710)	(71,793)
Restricted fixed asset funds:					
Devolved Formula Capital Grant	j	6,025	(84)	-	5,941
Backlog Maintenance	k	37,941	(759)	-	37,182
Transferred to the academy on conversion	l	1,021,588	(21,759)	-	999,829
From GAG	m	-	(440)	1,320	880
Revaluation reserve	n	-	-	139,400	139,400
		1,065,554	(23,042)	140,720	1,183,232
Total restricted funds		1,859,571	(845,142)	97,010	1,111,439
Unrestricted funds	o	74,270	(3,569)	4,390	75,091
Total funds		1,933,841	(848,711)	101,400	1,186,530

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

17. Funds (Continued)

Notes on funds:

a - This is the GAG, the main source of funding for the academy. See Note 2 for details. £13,762 of the transfer relates to funding of the catering deficit, £648 of the school trip deficit, £1,320 for fixed assets purchased from the GAG and £4,000 net pension fund income.

b - On conversion academies receive a £25,000 grant towards the cost of conversion. The unspent balance can be spent at the academy's discretion so has been transferred to unrestricted funds.

c - Family Learning is an activity run by the academy and the costs are reclaimed from the County Council.

d - Funding towards Special Educational Needs. The unspent balance has been carried forward to be spent in future years.

e - Grant received from Mounts Bay School towards Extended Schools.

f - The School Development Grant was a balance received relating to unallocated government funds. It can be carried forward to be spent in future periods.

g - The free places for 3/4 years old, relates to the provision of free nursery school places. The nursery staff wages and nursery costs have been allocated to the fund. The balance has been carried forward to be spent in future years.

h - These funds are as stated and the balances have been carried forward.

i - All of these funds relate to trips, outings, dinner or music classes where the parents voluntarily contribute to the cost. Where the funds have been overspent in the year, as the contributions do not cover the running costs, the deficits have been funded firstly from the GAG and secondly from unrestricted funds.

j - The Devolved Formula Capital Grant received in the year is to be spent on capital projects. £4,216 of the fund has been spent in the period and is held in fixed assets.

k - This fund relates to a specific capital grant received to replace the electrics and undertake other capital work, all of which has been held in fixed assets.

l - This consists of the assets transferred to the academy and the balance on the Devolved Formula Capital Grant (DFCG) that were transferred on conversion to academy status. Part of the DFCG was expended in the year and the balance on the fund is to be carried forward to future years. The school leasehold cannot be sold without the written consent signed by the Secretary of State for Education.

m - This represents fixed assets purchased from the GAG, see Note 2.

n - This is the revaluation surplus on revaluing the fixed assets. See Note 13 a) for details.

o - The transfers on the unrestricted fund relate to funding the balance of the school trips fund (£3), the music classes (£260) and swimming fund (£906) plus the transfer of the balance on the start up grant fund (£5,559).

p - This represents the deficit on the Local Government Pension Scheme. See Note 22 for details. **An immediate liability does not arise for this amount.**

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

18. Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2012 £
Tangible fixed assets	-	-	1,181,152	1,181,152
Current assets	75,091	35,268	52,668	163,027
Current liabilities	-	(28,061)	(50,588)	(78,649)
Pension fund	-	(79,000)	-	(79,000)
	<u>75,091</u>	<u>(71,793)</u>	<u>1,183,232</u>	<u>1,186,530</u>

19. Financial Commitments

Capital Commitments

The following capital expenditure was authorised by the board by the 31 August 2012; it has not been provided for in the accounts:

Cormorant Toilets and wet area	800
Play area	3,000
Play area surface	6,000
Nursery windows	5,000
Quiet area school field	1,000
Guillemot toilets	5,400
	<u>£21,200</u>

The board have also authorised ICT expenditure for the year ended 31 August 2013 of up to £31,668. This includes replacing ICT equipment.

20. Financial Commitments

Operating Leases

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

	2012 £
Other (non land and buildings)	
Expiring within 2 – 5 years inclusive	<u>3,363</u>

21. 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.

22. 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 the 'Cornwall 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 31 March 2004 and of the LGPS was 31 March 2010.

There were no outstanding contributions to either scheme at 31 August 2012.

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' Pension 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 the real rate of return.

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

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

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

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

22. Pension and similar obligations (Continued)

Teachers' Pension Scheme (Continued)

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £37,000, of which employer's contributions totalled £29,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 16 per cent for employers and the following rates for employees:

<u>Band</u>	<u>Whole Time pay of</u>	<u>Contribution rate</u>
1	£0 - £12,900	5.5%
2	£12,900 - £15,100	5.8%
3	£15,100 - £19,400	5.9%
4	£19,400 - £32,400	6.5%
5	£22,400 - £43,300	6.8%
6	£43,300 - £81,100	7.2%
7	More than £81,100	7.5%

Principal Actuarial Assumptions

**At 31 August
2012**

Rate of increase in salaries *	4.5%
Rate of increase for pensions in payment/inflation	2.2%
Discount rate for scheme liabilities	4.1%
Inflation assumption (CPI)	RPI less 0.8% p.a.
Commutation of pensions to lump sums	40%

* Salary increases are assumed to be 1% per annum until 31 March 2015 reverting to the long term assumption shown thereafter.

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

22. Pension and similar obligations (Continued)

Local Government Pension Scheme (Continued)

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

	At 31 August 2012
Current Pensioners	
Males	21.3
Females	23.4
Future pensioners **	
Males	23.2
Females	25.6

** Figures assume members aged 45 as at the formal valuation date.

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	5.5%	134,000
Bonds	3.4%	34,000
Property	3.7%	14,000
Cash	2.8%	18,000
Total market value of assets		<u>200,000</u>
Present value of scheme liabilities		
- Funded		(279,000)
Deficit in the scheme		<u>(79,000)</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. 1 September 2011).

St Ives Infant School**Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)****22. Pension and similar obligations (Continued)****Local Government Pension Scheme (Continued)****Amounts recognised in the statement of financial activities**

	2012 £
Current service cost (net of employee contributions)	24,000
Past service cost	-
Total operating charge	<u>24,000</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	10,000
Interest on pension liabilities	(11,000)
Pension finance costs	<u>(1,000)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £79,000 loss.

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

	2012 £
Balance on conversion at 1 September 2011	197,000
Current service cost	24,000
Interest cost	11,000
Employee contributions	8,000
Actuarial loss	39,000
At 31 August 2012	<u>279,000</u>

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

22. Pension and similar obligations (Continued)

Local Government Pension Scheme (Continued)

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

	2012 £
Balance on conversion at 1 September 2011	152,000
Expected return on assets	10,000
Actuarial gain	1,000
Employer contributions	29,000
Employee contributions	8,000
At 31 August 2012	<u>200,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £27,000.

Experience adjustments on share of scheme assets: £1,000

As described 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.

23. Related Party Transactions

The only related party transactions in the period are those recorded at Note 11.

24. Controlling Party

The academy is controlled by the Board of Governors.

25. Conversion to an academy trust

On 1 September 2011 the St Ives Infant School converted to an academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Ives Infant School from the Cornwall Council Local Authority for £nil consideration.

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

St Ives Infant School

Notes to the Financial Statements for the Period Ended 31 August 2012 (Continued)

25. Conversion to an academy trust (Continued)

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 £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
• Leasehold land and buildings	-	-	994,782	994,782
• Other tangible fixed assets	-	-	5,483	5,483
Capital surplus on LA funds	-	-	21,323	21,323
Budget surplus on LA funds	42,606	-	-	42,606
Transfer from private fund account	1,058	-	-	1,058
LPGS pension (deficit)	-	(45,000)	-	(45,000)
Net assets/(liabilities)	<u>43,664</u>	<u>(45,000)</u>	<u>1,021,588</u>	<u>1,020,252</u>

The above net assets include £64,987 that was transferred as cash.

The leasehold property has been transferred on a 125 year lease with no annual rent payable.

The leasehold and other fixed assets must be held in a separate fixed asset restricted fund.