

Smith's Wood Primary Academy Limited

Trustees report and financial statements

For the period ended 31 August 2015

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

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Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Reference and administrative details of the Academy, its members/ trustees and advisers
For the period ended 31 August 2015

Members

N Henderson
M Vale
Rev S Carter

Trustees

N Henderson*, (Chair of Trustees) (appointed 1 July 2014)
M Vale (appointed 1 July 2014)
Rev S Carter (appointed 1 July 2014)
J Talbot*, (Principal) (appointed 1 July 2014)
L Scott (appointed 1 July 2014)
I Batigan* (appointed 24 March 2015)
I Campbell (appointed 15 June 2015)
R Patel* (appointed 1 July 2014)
M Thompson (appointed 12 May 2015)
C Lees* (appointed 12 May 2015)
V Hudson* (appointed 1 July 2014)
C Sayer (appointed 1 July 2014)
K James (appointed 1 December 2014, resigned 24 February 2015)

*members of the Finance Committee

Company registered number

09065312

Principal and registered office

Burtons Way
Birmingham
West Midlands
B36 0SZ

Senior management team

J Talbot, Principal
D Givens, Deputy Principal
K Brookes, Assistant Principal
S Volante, School Business Manager

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Reference and administrative details of the Academy, its members/ trustees and advisers
For the period ended 31 August 2015

Administrative details (continued)

Bankers

Lloyds Bank
Solihull Business Centre
355 Stratford Road
Shirley, Solihull
West Midlands
B90 3BW

Solicitors

Mills & Reeve
78-85 Colmore Row
Birmingham
B3 2AB

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Trustees' report
For the period ended 31 August 2015

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Smith's Wood Primary Academy Limited (the Academy) for the period 2 June 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for students aged 3 - 11 serving a catchment area surrounding Smith's Wood, North Solihull. It has been originally built in 2009 for capacity of 420 and has a roll of 481 on the school census in the summer term 2015.

Structure, governance and management

a. Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Smith's Wood Primary Academy Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Smith's Wood Primary Academy Limited.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. Method of recruitment and appointment or election of Trustees

The processes for appointing or electing the various types of trustee at Smith's Wood Primary Academy Limited are as follows:

1) Co-opted Trustees

A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed.

The Trustees may not appoint an employee of Smith's Wood Primary Academy Limited as a Co-opted Trustee if the number of Trustees who are employed by the School (including the Head of School) would thereby exceed one third of the total number of Trustees.

2) Parent Trustees

Parent Trustees are elected by parents of registered students at the Academy. A Parent Trustee must be a parent or carer of a student at the Academy at the time of when he / she is elected. Parent Trustee vacancies are filled through an election process.

The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Board of Trustees, if the number of parents standing for election is less than the number of vacancies.

The Articles of Association require that there shall be a minimum of two Parent Trustees.

3) Staff Trustees

Up to three Staff Trustees can be elected by the school staff as individuals, representative of the staff of the school. Both teaching staff and support staff paid to work at the school are eligible for staff Trusteeship. At Smith's Wood Primary Academy Limited two Staff Trustees are elected from the teaching staff; in addition the Head of School is a Staff Trustee. The number of Staff Trustees must not exceed one third of the total number of Trustees.

4) Community Trustees

Up to six Community Trustees can be appointed by the Members of the Academy Trust.

d. Policies and procedures adopted for the induction and training of Trustees

Following their appointment/election all new Trustees receive an introduction to their role from the Chairman and Head of School. There is an opportunity to tour the school and meet the members of the Management Team. The Clerk to the Trustees provides an induction pack for all new Trustees and liaises with them to ascertain their preference in Committee membership.

The Board of Trustees at Smith's Wood Primary Academy Limited is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively. The Board of Trustees allocates an annual budget for Trustee training and collectively decides on the most appropriate training necessary. Trustees with specific roles within the Board of Trustees are strongly encouraged to undertake training as required, e.g. Finance, Budget forecasting and monitoring, Safeguarding, Child Protection and Safer Recruitment. There is a nominated Trustee who undertakes the responsibility of reviewing training opportunities and makes recommendations to the Board of Trustees. The nominated Trustee liaises with the School Business Manager and Chair of Trustees.

e. Organisational structure

Before conversion to academy status on 1 July 2014 Smith's Wood Primary Academy Limited was a local authority maintained school. The additional responsibilities of the Board of Trustees of the Academy Trust have been recognised and the structure amended accordingly.

At Smith's Wood Primary Academy Limited the majority of the roles and responsibilities of the Board of Trustees have been delegated to one of two committees, as defined by the Board of Trustees' Terms of Reference. Responsibilities for which the full Board of Trustees has retained responsibility are defined in the Board of Trustees' Terms of Reference.

Members of the Management Team, in addition to the Head of School, attend Trustees' Committee meetings and full Board of Trustees meetings as appropriate. Individual members of the Management team are identified as a Lead Professional for each of the Committees.

The Trustees are responsible for the strategic management of the school; deciding and setting key foci for the school. These include strategic direction, annual budget, senior staff appointments and policy changes. Strategic and operational leadership is the responsibility of the Head of School and the Management Team. Leadership is carried out at a number of levels throughout the school i.e. Senior Management Team, Middle Leaders, Heads of House, Subject Leaders, Support Staff Leaders and Student Leaders.

School policies are developed by senior members of the school's staff to reflect both statutory requirements and the strategic direction agreed by the Trustees. These policies are reviewed by the Trustee Committees, approved and adopted by the Board of Trustees and implemented with appropriate procedures by the Management Team and other designated members of staff.

The Board of Trustees and each Committee meet once per half term. The Board of Trustees Committee structure consists of the following:- Standards (Professional Lead: Principal of School), Finance (Professional Lead: School Business Manager).

f. Connected organisations, including related party relationships

North Solihull Unity Collaborative

Smith's Wood Primary Academy Limited is an associate member of this collaborative of 21 primary and secondary schools serving the communities of North Solihull, East Birmingham and North Warwickshire.

g. Trustees' indemnities

Since the incorporation of the charitable company on 2 June 2014, the Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 12 to the financial statements the limit of this indemnity is £5,000,000.

h. Principal activities

The principal activity of Smith's Wood Primary Academy Limited is to provide an inclusive balanced and broadly based curriculum, an education for students of all abilities and free education for children aged 3 - 11, who live mainly in the local area.

Objectives and Activities

a. Objects and aims

The principal object and activity of the charitable company is the operation of Smith's Wood Primary School to provide education for students between the ages of 3 - 11.

b. Strategies and activities for achieving objectives

The Academy Trust was set up on 2 June 2014 to advance education in Smith's Wood, North Solihull. The school was built in 2009; two local primary schools Bosworth Wood and Kingfisher closed and were replaced by Smith's Wood Primary School. The school offers a broad based curriculum, breaking down barriers to learning. This reflects the school's ethos by ensuring all pupils reach their full potential.

The initial objective was to ensure a smooth and seamless conversion from a maintained school to an academy. In doing this the Trustees have carefully planned short, medium and long term developments whilst maintaining the highly valued traditional ethos and values across the community.

During 2014 - 2015 the main objectives of the school were to improve the quality of teaching and learning; thus improving student attainment and achievement.

The aims of the school are based on our motto '**Challenge, Support, Progress**'.

The Smith's Wood Charter provides a series of statements that explain the entitlement for students who attend Smith's Wood Primary Academy; the charter states:

Working in partnership with parents and carers, staff and governors will aim to;

- Create a **safe, secure orderly and accessible** learning environment.
- Deliver **exciting, purposeful learning and teaching** opportunities both **inside, outside and beyond the classroom**, through a **vibrant curriculum**.
- Set clear and **consistent expectations** for behaviour, centred around **mutual respect**.
- Develop **independence and self-respect** amongst our children.
- Create a **bright, stimulating, interactive** place to learn.
- Develop **positive links and communication** between home, governors and the wider community to support children's learning.
- Provide an **inclusive** environment in which all children can succeed

'CITIZENS OF THE FUTURE, UNITED IN OUR COMMUNITY'

Our aim for every child is that they should:

- Make good progress.
- Enjoy learning.
- Develop lively enquiring minds.
- Be able to work with others as part of a team.
- Embrace new technology, alongside traditional skills.
- Show care and respect for the environment and contribute to the community.

We encourage all teachers and support staff to create a positive, forward looking, professional workplace in which team work is central, expertise and strengths are shared and when calculated risks are taken.

'MORE THAN A SCHOOL'

The 2013 - 2014 School Improvement Plan objectives and actions have been reviewed and have informed objectives for 2014 - 2015. (In addition please see Post Ofsted Action Plan which links specifically to action points from Ofsted February 2014).

Development Plan Objectives for Academic Year 2014-15

Achievement:

- Increase rates of progress particularly by end of reception to be in line with the national average.
- Improve achievement in all Key Stages
- Improve achievement at Year 6 to outstanding
- Improve achievement for key groups (boys, more able and Pupil Premium)

Teaching and Learning:

- Challenge for all groups to achieve at the highest levels
- Marking and assessment enables students to make outstanding progress
- Impact of professional development on improving our teaching and learning profile with increased outstanding teaching

Leadership and Management:

- Further develop impact of SMT (Senior Management Team) and subject leaders through distributed leadership
- Further develop leadership of early years and foundation stage so teaching is consistently good or better and quality assurance
- Improve effectiveness of governing body

Behaviour and Safety

- Embed outstanding learning behaviours
- Improve provision DSEN (Disabilities and Special Educational Needs) to outstanding

c. Public benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Smith's Wood Primary Academy Limited is the maintenance and development of a quality education provided by the school. It is the Trustees' aim to deliver outstanding learning to all of its students during the journey of improvement towards excellence. It is a priority to ensure the public benefit for all young people in the area of Smith's Wood and its surrounding areas.

In doing this, Smith's Wood Primary Academy Limited not only offers a broadly based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities and educational trips and visits are offered to students.

Strategic report

Achievements and performance

a. Key performance indicators

Progress against 2013/14 objectives

Teaching

- Teaching profile has improved to 96% Good or better in the new Ofsted framework
- Teaching in core subjects has improved and new teachers/leaders recruited in core subjects
- A whole school focus on marking and assessment with teacher/student dialogue as a means of ensuring students know how to improve is an emerging strength and a key area of focus in 2015/16
- Mixed year Learning Clusters facilitates Joint Practice Development and ensures quality assurance processes are robust

Achievement

- SATS results have improved across a range of subjects but also leave room for improvement
- Pupil Premium interventions are a key focus
- Forensic analysis of data at student, class and cohort level ensures effective intervention
- Teachers using learning plans to ensure planning for progress
- Data is scrutinised and data team strengthened to support communication of data to stakeholders

Key Performance Indicators

Key Stage 1 Results	2012	2013	2014	2015
Reading L2B+	77%	81%	88%	85%
Reading L3+	17%	19%	27%	37%
Writing L2B+	69%	79%	83%	84%
Writing L3+	13%	17%	20%	25%
Maths L2B+	79%	79%	83%	84%
Maths L3+	6%	21%	30%	36%
Key Stage 2 Results	2012	2013	2014	2015
Reading L4+	90%	93%	97%	95%
Reading L5+	16%	24%	50%	48%
Writing L4+	81%	85%	92%	91%
Writing L5+	6%	30%	44%	50%
Maths L4+	85%	91%	97%	96%
Maths L5+	24%	30%	50%	55%

Achievement of identified groups

Ofsted Inspection – February 2014

The school received a full Section 5 inspection in February 2014. The vast majority of teaching being observed as Good with some Outstanding, we were graded Good in all categories. The Trustees and school leaders were pleased that the school achieved such a positive report.

Key Strengths from the inspection included:

- The inspectors recognised that 'there have been recent improvements in teaching and progress, particularly in English.'
- Teaching has improved and 'there are examples of good teaching across a range of subjects.'
- The inspectors were full of praise for our students stating 'They are attentive in lessons and work hard. They behave sensibly around the school at all times.'
- The inspectors recognised the positive ethos of the school and the way in which we develop students; is of a high quality.'
- The school has been very successful at closing the gap between its least able pupils and the rest. The progress of disabled pupils and those who have special educational needs is meticulously monitored. Many of the programmes for individual pupils are of outstanding quality and help these pupils to achieve well. Some make excellent progress.
- The inspectors recognised how the school is ensuring teachers perform to their best; 'The management of teachers' performance is thorough and leaders and governors ensure that no one is rewarded for poor performance.'

The key areas for improvement, which form the basis of our Post Ofsted Action Plan and the focus of subsequent monitoring visits, were as follows:

Improve the quality of teaching, especially, so that it is consistently good and that all groups of students make at least good progress by:

- ensuring that teachers have higher expectations of students of all abilities and challenge all students to make expected and better than expected progress
- ensuring that marking and assessment systems are consistently applied across the school so that students can regularly make amendments and improvements to their work following feedback from teachers and other adults
- making sure that all teachers check students' performance carefully, especially that of boys and those students supported by the pupil premium funding, to spot any underachievement.

Improve the impact that leaders and managers, including governors, have on improving teaching and achievement, by:

- ensuring that the recently introduced systems for checking students progress are used effectively by all staff and that the information that is obtained from these checks is well understood by staff, leaders and governors.

HMI gave clear action points to ensure that we continue to make rapid progress towards Outstanding. The report identifies that the academy needs to take further action in the following areas:

- Ensure that areas for improvement within the post Ofsted action plan are clearly matched to specific actions so that progress against these can be monitored effectively.
- Clarify the way in which monitoring and review are presented in improvement planning so that it is clear who is responsible for each stage.
- Ensure that the role of the governing body in reviewing progress is made absolutely clear

The report confirms that school leaders are focusing on the right things to improve the school. The focus on teaching has been correct: 'You, your leaders, members of the governing body and the Executive Head of School have a strong shared vision of what needs to be done in order to ensure that all students at this academy have a high quality education with good teaching at the core of that provision.' However, the gains being seen in improving teaching, such as in the introduction of tiered learning intentions and increased rigour in applying the school marking policy, are not yet consistent across the academy and this will continue to be the focus of leaders.

b. Financial Performance Indicators

The Trustees of the Academy Trust agreed the following key financial performance indicators for 2014 - 2015:-

- Achieving a balanced budget at year-end

The Trustees monitor the financial position on a half-termly basis by reviewing financial year-end projections.

- Benchmarking expenditure against other similar organisations

Benchmarking information provided by the Department for Education has been reviewed by Trustees on an annual basis to make comparative judgements on a £ spend per student basis. Comparisons are made with similar schools and academies to review various aspects of expenditure and income.

- Maintaining current level of reserves

The school has maintained a similar level of reserves at the end of this accounting period.

- Achieving value for money through effective financial management procedures

The school complies with the Finance Policy as adopted by the Board of Trustees in 2014. Visits by an independent external Responsible Officer have verified the procedures of financial management and internal control to achieve value for money.

- Maintain a positive cash flow with sufficient cash balances to cover monthly expenditure

c. Going concern

After making appropriate enquiries, the board of trustees 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.

Financial review

a. Financial and risk management objectives and policies

The majority of the school's income is received from the Department for Education via the Education Funding Agency in the form of the General Annual Grant (GAG); the use of which is restricted to particular purposes i.e. the objectives of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The school has directed income to specifically targeted areas to raise standards. The Trustees approved a new staffing structure for implementation in September 2014 where additional leadership and expertise in the core subjects was implemented.

£3,707 was received as a Devolved Formula Capital Grant (DFC); the DFC received is shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds.

On conversion on 1 July 2014, all of the fixed assets of the former maintained school were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income, activities for generating funds and investment income i.e. bank interest.

The combined General Restricted Fund and Unrestricted Fund show an operating surplus, before the actuarial losses on defined benefit pension schemes, of £772,076 operating surplus is the result of detailed and tight budgeting and budget control procedures which were inherited from the former maintained school, and which have been firmly embedded in the Academy Trust's daily financial management in accordance with its financial procedures and the Academies Financial Handbook.

b. Reserves policy

Under its Deed of Variation to the Funding Agreement with the Secretary of State for Education Smith's Wood Primary Academy Limited is allowed to hold reserves at the end of the year of as specified in the current Academies Financial Handbook.

The Trustees of the Finance and Personnel Committee has reviewed these reserve levels and believe that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected situations such as urgent maintenance work. Under normal circumstances the Trustees would aim to maintain reserves of between 5% and 10% of GAG as an appropriate cushion.

As at 31st August 2015 the school had reserves based upon its GAG of around 33% (i.e. 10% for recurrent expenditure and 23% for expenditure of a capital nature).

c. Investments policy

Apart from the cash held for the operation of the school, Smith's Wood Primary Academy Limited has no realisable investments. With respect to its cash holdings the Board of Trustees has adopted a low risk strategy. The school maintains a current account and an investment account with the school's bankers. The Trustees will review its investments for forthcoming financial years to ensure maximum efficiency for cash balances.

d. Principal risks and uncertainties

The Trustees conduct an annual review of its Risk Register to consider whether risk review procedures cover fundamental strategic and reputational, operational, compliance, financial and other risks to achieving the school's objectives. The academy's key strategic risks include:-

- Staff Retention
- Breach of Data Protection
- Litigation and legislative changes
- Pension deficit
- Fall in levels of academic achievement
- Failure to meet academic objectives
- Detrimental media publicity
- Failure of internal financial controls
- Fraud
- Health and safety of students and staff
- Weak governance

Under Financial Reporting Standard 17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to an unrestricted fund. This results in reducing the reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The Academy is currently paying an increased employer contribution rate to reduce this deficit.

Plans for future periods

a. Future developments

Smith's Wood Primary Academy Limited will continue to work to improve the achievements of its students at all levels, not only in academic subjects but also in extra-curricular activities and in essential life skills, to increase the variety of opportunities open to its students when they move on to higher education and the world of work.

Smith's Wood Primary Academy Limited aims to extend its work in the local community and within local primary partner schools.

The Trustees consider that robust financial management has enabled investment in learning resources and the learning environment to meet strategic development priorities. Trustees also recognise the importance of a long-term strategic plan, which meets both the Learning Strategy and the Condition Survey needs for maintenance and development of the environment.

Funds held as custodian trustee on behalf of others

During the period from 2 July 2014 until 31 August 2015 Smith's Wood Primary Academy did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's Equal opportunities policy, the Academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

Disclosure of information to auditors


Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 20 October 2015 and signed on the board's behalf by:



N Henderson
Chair of Trustees



Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Smith's Wood Primary Academy Limited has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Smith's Wood Primary Academy Limited and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 13 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
N Henderson, (Chair of Trustees)	8	9
M Vale	12	13
Rev S Carter	7	11
J Talbot, (Principal)	12	13
L Scott	3	4
I Batigan	2	2
I Campbell	5	8
R Patel	8	9
M Thompson	1	2
C Lees	6	6
V Hudson	9	9
C Sayer	10	10
K James	0	0

Governance reviews:

The Trustees have reviewed their performance and capacity by undertaking a self-evaluation of governance. Trustees identified areas of governance of high significance. Trustees offer challenge on a termly basis on the progress of the quality of teaching, pupil premium and the measure of narrowing the gap, behaviour, attendance, financial matters and budget monitoring and forecasting, health and safety compliance and testing. Trustees have established a system of linking individual Trustees to departments, including Support staff. Trustees receive feedback on performance management outcomes and review, consider and approve changes to staffing structures.

The Trustees next self-review will be undertaken at the end of 2015 / early 2016.

The **Finance Committee** is a sub-committee of the main board of Trustees. Its purpose is to recommend the annual budget to the board of Trustees and subsequently monitor income and expenditure against the approved budget. The Committee receive written reports from the School Business Manager each half term, with recommendations for consideration. A constant review of anticipated end of year financial position is undertaken through the year.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
N Henderson	5	5
J Talbot	4	5
V Hudson	5	5
R Patel	5	5
C Lees	1	1
I Batigan	1	1

Review of Value for Money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Improving educational outcomes
Children enter Smith's Wood Primary Academy, on average well below national average. By the time children leave the school, on average, they are performing above national average expectations. Outstanding levels of attainment are achieved in many areas of the school, alongside rapid rates of progress. Significant barriers to learning are overcome (67% FSM 2013-14), with all groups of pupils outperforming national average levels by the end of KS2. This is evidence of the school effectively deploying resources to ensure good value for money. The Academy has taken the following steps to support school improvement for our students and to raise their attainment and aspirations. The Academy is committed to supporting our children achieving their full potential through academic achievement, extra-curricular opportunities and extended learning to develop the whole person to help prepare them for higher education.
- Key areas of improvement
Targeted improvement has focussed on disadvantaged pupils, with additional intervention initiatives helping to effectively close the gap. A wide range of intervention groups cover many groups within the school, although there has been a particular emphasis on the progress of more able pupils and the progress of individuals in phonics. The impact of these initiatives is documented below.

Targeted Improvement: The Academy has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of the children. We have employed skilled staff to support our school improvement agenda and we involve all our teams in focusing on the children's' learning needs and encourage innovation and creativity to meet those needs.

Focus on Individual children: The Academy offers children a comprehensive support service and specialist learning provision. Children benefit from 1:1 mentoring, small group work, external educational provision (where appropriate) and our experienced teams work with children to support their individual needs. The Academy rewards excellence and encourages positive behaviour. We celebrate achievement and

encourage children to try new activities.

Diverse Curriculum: We recognise that children's' skills and knowledge are diverse, and it is necessary to differentiate the curriculum in order to make the most appropriate use of resources to meet children's' needs.

- **Financial governance and oversight**
The Academy's Governing Body has strong oversight of the financial management of the budget. The Finance Committee meet regularly to review the financial position, to receive reports and to challenge decisions. Our external auditors review our financial processes and the role of Responsible Officer is undertaken by DRB to test our internal controls. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and External Auditors Management Report.

- **Better purchasing**
The Academy uses compliant frameworks where appropriate, including tender processes to achieve best value for higher value procurement. On smaller value procurement, our Budget Holders are continuously looking for the most competitive deals using various procurement tools such as internet shopping, advice from other schools and economies of scale. We have a member of the finance team who specifically deals with procurement and is constantly checking for best value.

The Academy is looking to benchmark its financial performance against other Solihull academy trusts to demonstrate that the Trust provides good value for money.

- **Reviewing controls and managing risk**
Monthly budget monitoring reports are produced by the Business Manager. These reports are reviewed by the Principal and any remedial action taken to address any significant variances that may have an impact on the budget out-turn.

The Academy sees IT as an important area, both in terms of the impact on the curriculum teaching and learning as well as the need to understand developments in the marketplace. We recently appointed an in-house IT Manager (part-time) to enable us to have a better knowledge base in school - we are reviewing the next steps here which might include taking even greater control over ICT development.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Smith's Wood Primary Academy Limited for the period 2 June 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 2 June 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed DRB, an external auditor, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The external auditor reports three times a year to the Finance Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

No material control issues arose as a result of the external auditor's work as planned.

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 20 October 2015 and signed on its behalf, by:



N Henderson
Chair of Trustees



J Talbot
Accounting Officer

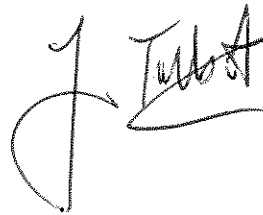
Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Smith's Wood Primary Academy Limited I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Academy board of trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2014).

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

A handwritten signature in black ink, appearing to read 'J Talbot', with a large, stylized initial 'J' on the left and the name 'Talbot' written in a cursive script to its right.

J Talbot
Accounting Officer

Date: 20 October 2015

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Trustees' responsibilities statement
For the period ended 31 August 2015

The Trustees (who act as governors of Smith's Wood Primary Academy Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 20 October 2015 and signed on its behalf by:



N Henderson
Chair of Trustees



We have audited the financial statements of Smith's Wood Primary Academy Limited for the period ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Independent auditors' report to the members of Smith's Wood Primary Academy Limited

Matters on which we are required to report by exception

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

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



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
20 October 2015

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Smith's Wood Primary Academy Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 18 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Smith's Wood Primary Academy Limited during the period 2 June 2014 to 31 August 2015 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 Smith's Wood Primary Academy Limited and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Smith's Wood Primary Academy Limited and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Smith's Wood Primary Academy Limited and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Smith's Wood Primary Academy Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Smith's Wood Primary Academy Limited's funding agreement with the Secretary of State for Education dated 26 June 2014, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 2 June 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

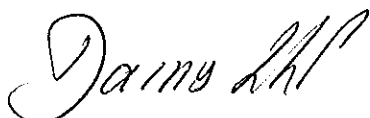
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Smith's Wood Primary Academy Limited and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 2 June 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Chartered Accountants

Birmingham

20 October 2015

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Statement of financial activities

(incorporating income and expenditure account and statement of total recognised gains and losses)

For the period ended 31 August 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £
Incoming resources					
Incoming resources from generated funds:					
Transfer from Local Authority on conversion	2	521,058	(903,968)	5,496,961	5,114,051
Other voluntary income	2	1,401	46,363	-	47,764
Activities for generating funds	3	22,240	23,799	-	46,039
Investment income	4	2,751	-	-	2,751
Incoming resources from charitable activities:	5				
Funding for the academy trust's educational operations		-	2,814,668	6,957	2,821,625
Total incoming resources		547,450	1,980,862	5,503,918	8,032,230
Resources expended					
Academy trust educational operations		19,818	2,619,152	126,621	2,765,591
Governance costs	8	-	27,266	-	27,266
Total resources expended	6	19,818	2,646,418	126,621	2,792,857
Net incoming / (outgoing) resources before transfers		527,632	(665,556)	5,377,297	5,239,373
Transfers between Funds	18	-	(78,097)	78,097	-
Net income for the period		527,632	(743,653)	5,455,394	5,239,373
Actuarial gains and losses on defined benefit pension schemes		-	(298,000)	-	(298,000)
Net movement in funds for the period		527,632	(1,041,653)	5,455,394	4,941,373
Total funds at 2 June 2014		-	-	-	-
Total funds at 31 August 2015		527,632	(1,041,653)	5,455,394	4,941,373

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

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

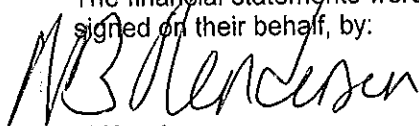
The notes on pages 26 to 46 form part of these financial statements.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)
Registered number: 09065312

Balance sheet
As at 31 August 2015

	Note	£	2015 £
Fixed assets			
Tangible assets	14		5,498,191
Current assets			
Debtors	15	208,375	
Cash at bank		814,728	
		<u>1,023,103</u>	
Creditors: amounts falling due within one year	16	<u>(275,733)</u>	
Net current assets			<u>747,370</u>
Total assets less current liabilities			<u>6,245,561</u>
Creditors: amounts falling due after more than one year	17		<u>(32,188)</u>
Net assets excluding pension scheme liability			<u>6,213,373</u>
Defined benefit pension scheme liability	24		<u>(1,272,000)</u>
Net assets including pension scheme liability			<u><u>4,941,373</u></u>
Funds of the academy			
Restricted funds:			
Restricted funds	18	230,347	
Restricted fixed asset funds	18	5,455,394	
		<u>5,685,741</u>	
Restricted funds excluding pension liability		<u>(1,272,000)</u>	
Pension reserve			
Total restricted funds			<u>4,413,741</u>
Unrestricted funds	18		<u>527,632</u>
Total funds			<u><u>4,941,373</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 20 October 2015 and are signed on their behalf, by:


N Henderson
Chair of Trustees



The notes on pages 26 to 46 form part of these financial statements.

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Cash flow statement
For the period ended 31 August 2015

		14 months ended 31 August 2015 £
	Note	
Net cash flow from operating activities	21	362,984
Returns on investments and servicing of finance	22	2,751
Capital expenditure and financial investment	22	(78,097)
Cash transferred on conversion to an academy trust	20	527,090
		<u>814,728</u>
Increase in cash in the period		<u><u>814,728</u></u>

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

Reconciliation of net cash flow to movement in net funds
For the period ended 31 August 2015

	14 months ended 31 August 2015 £
Increase in cash in the period	<u>814,728</u>
Movement in net funds in the period	<u>814,728</u>
Net funds at 31 August 2015	<u><u>814,728</u></u>

The notes on pages 26 to 46 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

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 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The trustees have assessed whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The trustees have concluded that the Academy is a going concern and will continue to trade for the foreseeable future, which is at least 12 months from the date of approval of the financial statements.

1.3 Incoming resources

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

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

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

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

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

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

1. Accounting policies (continued)

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

On 1 July 2014 Solihull Metropolitan Borough Council granted the Academy a lease for the School site. As the School is a specialised property, as defined in Financial Reporting Standard Number 15, this long term leasehold property has been valued in the financial statements on a Depreciated Replacement Cost basis.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	20% straight line

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.

1.6 Operating leases

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

1. Accounting policies (continued)

1.7 Taxation

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

1.8 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2015

1. Accounting policies (continued)

1.9 Conversion to an academy trust

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 Smith's Wood Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees 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 Smith's Wood Primary Academy Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion the school entered into a lease arrangement with Solihull Metropolitan Borough Council over a period of 125 years for a peppercorn rental. Also on conversion, the school inherited fixtures and fittings and other fixed assets for the continued use of the school.

Further details of the transaction are set out in note 20.

2. Voluntary Income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Transfer from Local Authority on conversion	521,058	4,592,993	5,114,051
Donations	1,401	-	1,401
Trip income	-	46,363	46,363
Subtotal	1,401	46,363	47,764
Voluntary income	522,459	4,639,356	5,161,815

3. Activities for generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Hire of facilities	16,749	-	16,749
School goods income	3,070	-	3,070
Before and after school income	-	23,242	23,242
Other income	2,421	557	2,978
	22,240	23,799	46,039

Smith's Wood Primary Academy Limited
(A company limited by guarantee)
Notes to the financial statements
For the period ended 31 August 2015

4. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Short term deposits	2,751	-	2,751

5. Funding for Academy's educational operations

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	-	2,303,355	2,303,355
Pupil Premium	-	336,217	336,217
Devolved Formula Capital Grant	-	3,707	3,707
Other EFA Grants	-	37,172	37,172
	-	2,680,451	2,680,451
Other government grants			
Nursery Funding	-	90,899	90,899
Insurance Income	-	13,312	13,312
Special Education Grants	-	16,259	16,259
	-	120,470	120,470
Other funding			
Other grants	-	20,704	20,704
	-	20,704	20,704
	-	2,821,625	2,821,625

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2015

6. Resources expended

	Staff costs	Non Pay Premises	Expenditure Other costs	Total
	2015 £	2015 £	2015 £	2015 £
Direct costs	1,795,640	108,850	260,950	2,165,440
Support costs	275,132	101,374	223,645	600,151
Charitable activities	2,070,772	210,224	484,595	2,765,591
Governance	-	-	27,266	27,266
	2,070,772	210,224	511,861	2,792,857

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2015

7. Charitable activities

	Total funds 2015 £
Direct costs - educational operations	
Wages and salaries	1,508,269
National insurance	92,347
Pension cost	195,024
Depreciation	108,850
LGPS finance cost	51,000
Educational supplies	50,668
Staff development	27,901
Technology costs	30,352
Educational consultancy	13,650
Travel and subsistence	48,553
Other direct costs	21,237
Supply teacher insurance	17,589
	<u>2,165,440</u>
Support costs - educational operations	
Wages and salaries	212,265
National insurance	8,124
Pension cost	54,743
Depreciation	17,771
Staff development	3,394
Technology costs	8,462
Travel and subsistence	3,270
Other direct costs	60,833
Maintenance of premises	27,456
Maintenance of equipment	10,186
Cleaning	12,505
Rates	25,012
Energy	53,318
Insurance	20,307
Catering	82,505
	<u>600,151</u>
	<u><u>2,765,591</u></u>

Smith's Wood Primary Academy Limited
(A company limited by guarantee)
Notes to the financial statements
For the period ended 31 August 2015

8. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Governance Auditors' remuneration	-	5,100	5,100
Governance Auditors' non audit costs	-	5,990	5,990
Legal & Professional fees	-	16,176	16,176
	<u>-</u>	<u>27,266</u>	<u>27,266</u>

9. Net incoming / (outgoing) resources

This is stated after charging:

	14 months ended 31 August 2015 £
Depreciation of tangible fixed assets: - owned by the charity	126,621
Auditors' remuneration - audit	5,100
Auditors' remuneration - other services	5,990
	<u>137,711</u>

10. Staff

a. Staff costs

Staff costs were as follows:

	14 months ended 31 August 2015 £
Wages and salaries	1,711,521
Social security costs	100,470
Other pension costs (Note 24)	249,767
	<u>2,061,758</u>
Supply teacher costs	9,014
	<u>2,070,772</u>

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2015

10. Staff (continued)

b. Staff numbers

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

	14 months ended 31 August 2015 No.
Teachers	18
Administration and support	42
Management	4
	<hr/>
	64
	<hr/>

c. Higher paid staff

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

	14 months ended 31 August 2015 No.
In the band £70,001 - £80,000	1
In the band £100,001 - £110,000	1
	<hr/>
	2
	<hr/>

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2015

11. Trustees' remuneration and expenses

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. The value of Trustees' remuneration fell within the following bands:

	14 months ended 31 August 2015 £
J Talbot (Principal and trustee)	
Remuneration	100,000-105,000
Employer's pension contributions	10,000-15,000
V Smith (Staff trustee)	
Remuneration	45,000-50,000
Employer's pension contributions	5,000-10,000
C Sayer (Staff trustee)	
Remuneration	40,000-45,000
Employer's pension contributions	5,000-10,000

During the period, no Trustees received any reimbursement of expenses.

12. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2015 was £546. The cost of this insurance is included in the total insurance cost.

13. Other finance income

	14 months ended 31 August 2015 £
Expected return on pension scheme assets	4,000
Interest on pension scheme liabilities	(55,000)
	<u>(51,000)</u>

Smith's Wood Primary Academy Limited
(A company limited by guarantee)

Notes to the financial statements
For the period ended 31 August 2015

14. Tangible fixed assets

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
Additions	21,645	16,500	1,859	45,050	85,054
Transfers on conversion	5,505,000	8,708	26,050	-	5,539,758
At 31 August 2015	<u>5,526,645</u>	<u>25,208</u>	<u>27,909</u>	<u>45,050</u>	<u>5,624,812</u>
Depreciation					
Charge for the period	111,448	2,582	6,512	6,079	126,621
At 31 August 2015	<u>111,448</u>	<u>2,582</u>	<u>6,512</u>	<u>6,079</u>	<u>126,621</u>
Net book value					
At 31 August 2015	<u>5,415,197</u>	<u>22,626</u>	<u>21,397</u>	<u>38,971</u>	<u>5,498,191</u>

The Academy's transactions relating to land and buildings included:

- the transfer of leasehold land and buildings from Solihull Metropolitan Borough Council on 1 July 2014 as the Council granted the Academy a 125 year lease for the School site. As the school is a specialised property, as defined in Financial Reporting Standard Number 15, this long term leasehold property has been valued in the financial statements on a Depreciated Replacement Cost basis. This lease was gifted to the Academy.

15. Debtors

	2015 £
Trade debtors	992
Other debtors	27,325
Prepayments and accrued income	180,058
	<u>208,375</u>

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16. Creditors:
Amounts falling due within one year

	2015 £
Trade creditors	159,294
Other taxation and social security	27,281
Other creditors	34,604
Accruals and deferred income	54,554
	<u>275,733</u>

	2015 £
Deferred income	
Resources deferred during the year	<u>45,128</u>

At the balance sheet date the academy trust was holding funds received in advance for grant income for the autumn term 2015.

17. Creditors:
Amounts falling due after more than one year

	2015 £
Other creditors	<u>32,188</u>

Included within creditors is a loan of £42,797 from Solihull Metropolitan Borough Council which is a loan inherited on conversion. The loan is repayable within 5 years and there is no interest payable.

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For the period ended 31 August 2015

18. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
School building	-	-	-	400,000	-	400,000
General funds						
Unrestricted funds	-	547,450	(19,818)	(400,000)	-	127,632
Total Unrestricted funds	-	547,450	(19,818)	-	-	527,632
Restricted funds						
General Annual Grant (GAG)	-	2,303,355	(2,001,500)	(78,097)	-	223,758
Other DfE/EFA grants	-	373,389	(373,389)	-	-	-
Other government grants	-	120,470	(120,470)	-	-	-
Other grants	-	17,454	(17,454)	-	-	-
Other funding generated	-	69,605	(69,605)	-	-	-
School fund	-	6,589	-	-	-	6,589
Pension reserve	-	(910,000)	(64,000)	-	(298,000)	(1,272,000)
	-	1,980,862	(2,646,418)	(78,097)	(298,000)	(1,041,653)
Restricted fixed asset funds						
Gift from Local Authority	-	5,496,961	(116,032)	-	-	5,380,929
DfE/EFA Capital Grants	-	6,957	(928)	-	-	6,029
Capital expenditure from GAG	-	-	(9,661)	78,097	-	68,436
	-	5,503,918	(126,621)	78,097	-	5,455,394
Total restricted funds	-	7,484,780	(2,773,039)	-	(298,000)	4,413,741
Total of funds	-	8,032,230	(2,792,857)	-	(298,000)	4,941,373

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

Restricted general fund

This fund represents grants and other income received for the Academy's operational activities and development.

18. Statement of funds (continued)

Pension reserve

This pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset fund

This fund represents grants received from the DfE, EFA and Local Authority to carry out works of a capital nature.

Designated Funds

Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes. The funds have been set aside for the construction of a new school building during the next financial period.

Transfers between funds

Transfers between funds relate to fixed asset purchases from GAG.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	-	-	-	400,000	-	400,000
General funds	-	547,450	(19,818)	(400,000)	-	127,632
	-	547,450	(19,818)	-	-	527,632
Restricted funds	-	1,980,862	(2,646,418)	(78,097)	(298,000)	(1,041,653)
Restricted fixed asset funds	-	5,503,918	(126,621)	78,097	-	5,455,394
	-	8,032,230	(2,792,857)	-	(298,000)	4,941,373

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19. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £
Tangible fixed assets	-	-	5,498,191	5,498,191
Current assets	527,632	495,471	-	1,023,103
Creditors due within one year	-	(265,124)	(10,609)	(275,733)
Creditors due in more than one year	-	-	(32,188)	(32,188)
Provisions for liabilities and charges	-	(1,272,000)	-	(1,272,000)
	<u>527,632</u>	<u>(1,041,653)</u>	<u>5,455,394</u>	<u>4,941,373</u>

20. Conversion to an academy trust

On 1 July 2014 Smith's Wood Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Smith's Wood Primary Academy Limited from Solihull Metropolitan Borough 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 incoming resources in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	5,505,000	5,505,000
- Other tangible fixed assets	-	-	34,758	34,758
Budget surplus/(deficit) on LA funds	521,058	-	-	521,058
Budget surplus/(deficit) on other school funds	-	6,032	-	6,032
LGPS pension surplus/(deficit)	-	(910,000)	-	(910,000)
Borrowing obligations	-	-	(42,797)	(42,797)
Net assets/(liabilities)	<u>521,058</u>	<u>(903,968)</u>	<u>5,496,961</u>	<u>5,114,051</u>

The above net assets include £527,090 that were transferred as cash.

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21. Net cash flow from operations

	14 months ended 31 August 2015 £
Net incoming resources before revaluations	5,239,373
Returns on investments and servicing of finance	(2,751)
Gift from Local Authority	(5,114,051)
Depreciation of tangible fixed assets	126,621
Capital grants from DfE	(6,957)
Increase in debtors	(208,375)
Increase in creditors	265,124
FRS 17 adjustments	64,000
Net cash inflow from operations	362,984

22. Analysis of cash flows for headings netted in cash flow statement

	14 months ended 31 August 2015 £
Returns on investments and servicing of finance	
Interest received	2,751
	2,751
	14 months ended 31 August 2015 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(85,054)
Capital grants from DfE	6,957
	(78,097)
Net cash outflow capital expenditure	(78,097)

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Notes to the financial statements
For the period ended 31 August 2015

23. Analysis of changes in net funds

	2 June 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	-	814,728	-	814,728
Net funds	-	814,728	-	814,728

24. Pension commitments

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £23,905 were payable to the scheme at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions

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24. Pension commitments (continued)

together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £122,340.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £139,000, of which employer's contributions totalled £108,000 and employees' contributions totalled £31,000. The agreed contribution rates for future years are 13% for employers and 5.5% to 7.5% for employees.

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

As described in note 20 the LGPS obligation relates to the employees of the Academy, 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 at the balance sheet date.

The amounts recognised in the Balance sheet are as follows:

	14 months ended 31 August 2015 £
Present value of funded obligations	(1,371,000)
Fair value of scheme assets	99,000
	<hr/>
Net liability	(1,272,000)
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Notes to the financial statements
For the period ended 31 August 2015

24. Pension commitments (continued)

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

	14 months ended 31 August 2015 £
Current service cost	(121,000)
Interest on obligation	(55,000)
Expected return on scheme assets	4,000
	<hr/>
Total	(172,000)
	<hr/> <hr/>

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

	14 months ended 31 August 2015 £
Opening defined benefit obligation	920,000
Current service cost	121,000
Interest cost	55,000
Contributions by scheme participants	31,000
Actuarial Losses	298,000
Benefits paid	(54,000)
	<hr/>
Closing defined benefit obligation	1,371,000
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Movements in the fair value of the Academy's share of scheme assets:

	14 months ended 31 August 2015 £
Opening fair value of scheme assets	10,000
Expected return on assets	4,000
Contributions by employer	108,000
Contributions by employees	31,000
Benefits paid	(54,000)
	<hr/>
	99,000
	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £298,000.

The Academy expects to contribute £107,000 to its Defined benefit pension scheme in 2016.

24. Pension commitments (continued)

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

	2015
Equities	60.00 %
Bonds	17.00 %
Property	8.00 %
Cash/liquidity	5.00 %
Other	10.00 %

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

	2015
Rate of increase in salaries	4.15 %
Rate of increase for pensions in payment / inflation	2.40 %
Discount rate for scheme liabilities	4.00 %
Inflation assumption (CPI)	2.40 %
Commutation of pensions to lump sums	50.00 %

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

	2015
Retiring today	
Males	23.0
Females	25.2
Retiring in 20 years	
Males	25.6
Females	28.0

Amounts for the current period are as follows:

Defined benefit pension schemes

	2015
	£
Defined benefit obligation	(1,371,000)
Scheme assets	99,000
Deficit	(1,272,000)
Experience adjustments on scheme liabilities	(298,000)

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25. Operating lease commitments

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	Other 2015 £
Expiry date:		
Within 1 year	-	96,666
Between 2 and 5 years	-	1,104
	<hr/> <hr/>	<hr/> <hr/>

26. Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has 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.

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