

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

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## CHARLTON KINGS INFANTS' SCHOOL

(A company limited by guarantee)

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

<b>Members and Trustees</b>	J Pandazis, Head Teacher W Partridge, Chairman A Tonge, Parent Trustee (resigned 19th October 2013) V Dirken, Parent Trustee L Parry, Parent Trustee T Bevan, Parent Trustee L Reilly, Parent Trustee (resigned 3rd September 2014) M Fletcher, Parent Trustee C Paris-Johnstone, Parent Trustee (appointed 21st October 2013) C DGLISH, Member Trustee (resigned 1st September 2013) S Thomas, Member Trustee A Jones, Member Trustee P Petrie, Member Trustee G Whitten-Brown, Member Trustee (appointed 19th September 2013) N Owens, Staff Trustee K Arndtz, Staff Trustee (resigned 3rd September 2014) L Fulvio-Mason, Staff Trustee R Koller, Staff Trustee E Dalton, Staff Trustee V Storey, Staff Trustee (appointed 3rd September 2014) J Bagley, Parent Trustee (appointed 8th September 2014) J Atack, Parent Trustee (appointed 8th September 2014) H Eatwell, Parent Trustee (appointed 8th September 2014)
<b>Company secretary</b>	K Marquess
<b>Senior leadership team</b>	J Pandazis, Headteacher N Owens, Teacher J Jones, Teacher H Kear, Teacher
<b>Principal and registered office</b>	Lyefield Road East Charlton Kings Cheltenham Gloucestershire GL53 8AY
<b>Company registered number</b>	07689749
<b>Statutory Auditor</b>	Davies Mayers Barnett LLP Pillar House 113 - 115 Bath Road Cheltenham Gloucestershire GL53 7LS

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

**Administrative details (continued)**

**Bankers**

Barclays Plc  
128 High Street  
Cheltenham  
Gloucestershire  
GL50 1EL

Lloyds TSB plc  
130 High Street  
Cheltenham  
Gloucestershire  
GL50 1EW

Santander UK Plc  
124 High Street  
Cheltenham  
Gloucestershire  
GL50 1ER

**Solicitors**

Harrison Clark Rickerbys  
Ellenborough House  
Wellington Street  
Cheltenham  
Gloucestershire  
GL50 1YD

**CHARLTON KINGS INFANTS' SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditor's report of Charlton Kings Infants' School (the Academy) for the year ended 31st August 2014. The report serves the purposes of both trustees' report and a directors' report under company law.

The Academy Trust's principal activities are, for the public benefit to:

- advance and promote education by, in particular but not limited to, the provision of facilities or property for any educational institution;
- advance any other purposes which are exclusively charitable within the laws of England and Wales as may be determined by the Trustees.

**Structure, governance and management**

**CONSTITUTION**

The Academy was incorporated on 1st July 2011 and commenced as an Academy Trust from 1st August 2011. The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees act as the Governors for the charitable activities of Charlton Kings Infants' School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Charlton Kings Infants' School.

Details of the Trustees who served throughout the period except as noted are included in the Reference and Administrative Details.

**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.

**TRUSTEES' INDEMNITIES**

Charlton Kings Infants' School have Trustees Liability insurance in place, note 11 refers.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The members may appoint Trustees as per the Memorandum and Articles. The members may appoint staff Trustees provided that the total number of Staff Trustees (including the Headteacher) does not exceed one third of the total number of Trustees. The Local Authority at the request of the Members may appoint the Local Authority Trustees. Parent Trustees shall be elected by parents of registered pupils at the Academy by secret ballot and a parent Trustee must be a parent of a pupil at the Academy at the time when he is elected. The Trustees may appoint up to 3 co-opted Trustees. Additional Trustees may, if deemed necessary, be appointed by the Secretary of State.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

All Trustees are subject to an induction period with training and information given. Ongoing training is given to Trustees and is provided by the Local Authority or through the school's membership of the Activate group. Recent courses have included Safeguarding, Trustees and the Curriculum, Child Protection, Finance, Admissions Code and Academy.

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

The Clerk to the Board of Trustees maintains a Training record for all Trustees, detailing all mandatory training and expiration dates as well as covering the non-mandatory training to ensure we manage and understand the scope and levels of skills held by the Board of Trustees at any one time.

The Clerk also maintains a succession planning record to enable us to prepare for the new Trustee appointments and understand when key roles or skills need to be succeeded.

### **ORGANISATIONAL STRUCTURE**

The Headteacher has delegated authority for the day-to-day operational running of the Academy. There are three other members of the Senior Leadership Team to whom the Headteacher is also able to delegate the day to day running of the school to. They are N Owens, J Jones & H Kear.

Headteacher, J Pandazis acts as the Accounting Officer.

There are 13 teaching staff, 2 finance/administrative staff and 17 support staff in teaching assistant or mid-day supervisory roles.

The Academy is fortunate to have a well-qualified and dedicated staff. Monies received from GAG income has enabled us to increase the pay of all teaching assistants and to employ a full-time handyman who provides excellent value for money compared with using contractors for minor repairs.

The school had 271 pupils on roll and the numbers continue to look healthy into the new school year.

### **Objectives and Activities**

#### **OBJECTS AND AIMS**

The Academy Trust's principal activities are, for the public benefit to:

- (a) advance and promote education by, in particular but not limited to, the provision of facilities or property for any educational institution;
- (b) advance any other purposes which are exclusively charitable within the laws of England and Wales as may be determined by the Trustees.

In addition the aims of the Academy (as set down in section 1(6) of the Academies Act 2010), are that the school provides a balanced, creative and comprehensive curriculum, it also provides education for pupils of different abilities including those with additional needs and those recognised as having higher ability in various areas. Also the school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated.

#### **OBJECTIVES, STRATEGIES AND ACTIVITIES**

In order to meet our aims and objectives, we ensure that the Academy is governed, led and managed in a way which facilitates self-critical review, ambitious but realistic strategic planning, prudent budgeting and effective development planning. It is also outward-looking since it involves analysis of aspects of a fast-changing world and other political, social, environmental and economic factors which may affect the nature and relevance of our provision. Our pupils, parents, staff and trustees are engaged through a trustworthy culture of openness regarding the Academy's values, purpose, priorities and our strategic direction.

The Academy's long-term aims, objectives and strategies are reviewed annually during the development planning process. The headteacher reports on progress in implementing the School Development Plan to Trustees on a termly basis. Each autumn the Leadership Team reviews, with Trustees' Curriculum Committee, the Academy's effectiveness using a number of agreed performance indicators, including statistical data relating to academic performance. Additionally, the Trustees seek the advice of an educational consultant to conduct an audit annually. This consultant also assists the Trustees in managing the head's performance management. The Academy has a well-established programme of staff performance, appraisal and target-setting for teachers and teaching assistants.

**CHARLTON KINGS INFANTS' SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

Medium to long term objectives:

- To provide the best possible outcomes for children by working to achieve the highest standards in teaching, pastoral care and the extra-curricular programme so that each child thrives at the Academy.
- To maintain and further develop our buildings and resources to provide facilities that are sustainable and fit for the 21st century.
- To recruit and retain highly effective staff. To provide continuous professional development for our staff so that they are able to respond effectively to the changing demands of their roles.
- To remain financially stable, with a strong control on expenditure and to obtain best value in financial decision-making.
- To foster good relations with all our stakeholders.

**PUBLIC BENEFIT**

All the activities undertaken by the Academy are for the benefit of its pupils and the good of the local and wider local community. As such the primary objective of the Academy is to support those objectives and there is no financial return to any shareholders.

The Academy has a defined catchment area which may vary from year to year dependent upon numbers. It is still a local community school providing education for the local population with pupils admitted in Reception and via in-year transfers through the Local Authority admissions department. These admissions arrangements are available to all regardless of whether they are in catchment or are currently living in the local area (i.e. moving into the area from another part of the country).

**Strategic report**

**ACTIVITIES AND ACHIEVEMENTS**

Key Stage 1 SAT Results (rounded) - 2010-2014

	2010	2011	2012	2013	2014	Gloucs 2014	National 2013
<b>2b+</b>							
Writing	90%	86%	85%	91%	93%	70%	64%
Reading	92%	89%	89%	94%	97%	81%	76%
Mathematics	98%	90%	96%	96%	98%	80%	76%
<b>3+</b>	2010	2011	2012	2013	2014		
Writing	37%	33%	34%	34%	34%	15%	14%
Reading	51%	48%	55%	33%	57%	31%	27%
Mathematics	46%	47%	47%	40%	46%	23%	22%

We are delighted with our 2014 assessments for Y2. Congratulations to our children, staff and parents for their efforts and achievements. Charlton Kings Infants' School has been significantly above the national figure for several years as shown above.

2014 Y1 Phonics check – almost 97% met the required standard (91% in 2013 and 88% in 2012). Our results place us in the top 5% of schools nationally and to this end we received a letter of congratulations from Nick Gibb MP.

Clubs for Y2 were: Dance; Speech & Drama; Computing; Art; Sport; Cookery; Recorder; Library; Choir; Bug Club. French and Spanish were provided at cost by an outside agency.

## **CHARLTON KINGS INFANTS' SCHOOL**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31ST AUGUST 2014**

The choir once again performed at the Cheltenham Festival of Performing Arts. Our Choral Speaking entry came 2nd in the under 8's Cup. Individual speaking was very well rewarded with the pupils from CKIS winning many medals and one pupil took The Hadland Shining Star Award.

Dance Club performed at the Cheltenham Feet First Dance Festival, the school's Summer Fair and they took part in the local cluster Country Dance Festival.

A two day workshop, at the local theatre was arranged for 10 talented pupils with 40 other pupils from the cluster schools.

Many visitors came to school over the year, including during Health Week and Music Week. The children were able to try something new and to take risks e.g. on the climbing wall amongst others.

The children have undertaken various fundraising events during the year for their chosen charity Winston's Wish. Harvest gifts were given to the Cheltenham Food Bank.

#### **GOING CONCERN**

After making appropriate enquiries, the Board of Trustees of Charlton Kings Infants' School 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 Statement of Accounting Policies.

#### **Financial review**

#### **FINANCIAL REPORT FOR THE YEAR**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31st August 2014 and the associated expenditure are shown as restricted funds (non-fixed assets) in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA In accordance with the Academy Accounts Direction, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed assets fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2014, total expenditure of £1,193,788 was more than recurrent grant funding from the EFA, together with other incoming resources. The total excess of expenditure over income for the period was £44,884.

At 31st August 2014, the net book value of fixed assets was £2,492,508 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Pupil numbers are expected to remain at capacity. We currently have 273 pupils on roll (PAN is 90).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board of Trustees are responsible for the management of risks faced by the Academy. The Trustees are assisted in this task by the Finance and Operations Committee, which comprises eight members of the Board of Trustees including the Chair and a qualified Accountant, and by the Leadership Team.

Health & Safety (incorporating risk management) features as a standing item on the agenda for full Board of Trustees meetings.

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

The key controls used by the Academy include:

- Formal agendas for all meetings;
- Detailed terms of reference for all committees;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Setting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Academy, the Board of Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The academy has completed a thorough review of its financial and risk management objectives in its risk register document.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme and under Accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, that is provided to support staff, to the restricted fund. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme and consequently the Academy balance sheet shows a net liability of £396,000. The employer contributions are currently being assessed and it is expected that they will increase to bring a reduction in this pension deficit in the future, although this may not be achieved until stock market investment values start to recover.

The Trustees have assessed the major risks to which the Academy is exposed and identified and implemented strategies for addressing these risks. Significant risks and the measures in place to reduce these risks have been formally documented in the Academy's Risk Register, which is subject to continuing review. The Trustees have also completed an assessment of internal control for the Education Funding Agency (EFA) which enabled the risk assessment process. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trustees have an effective system of internal financial controls and this is explained in more detail in the Governance statement.

## **RESERVES POLICY**

The Academy's "free" reserves are its funds after excluding restricted funds. "Reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the Academy which is to be spent at the trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

Whilst demands on the Academy's free reserves will therefore vary over the coming years, the Academy's long-term policy is that the appropriate level of free reserves should be equivalent to one month's expenditure, currently estimated to be between £80,000 and £90,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

## **INVESTMENTS POLICY**

The trustees agree all investments made by the Academy. Future investments will be made with regard to Charity Commission guidance.

## **FINANCIAL POSITION**

The Academy held fund balances at 31st August 2014 of £2,334,514, comprising of £2,582,287 of restricted funds, a pension reserve deficit of £396,000 and £148,227 of unrestricted general funds.

**CHARLTON KINGS INFANTS' SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

**PLANS FOR FUTURE PERIODS**

Our current priorities for significant financial expenditures are the completion of the ongoing roof repairs and enhancing catering facilities to enable the provision of hot meals under the government's new Universal Free School Meals policy.

The Headteacher and Senior Leadership Team are working to ensure that the quality of teaching and learning will enable the academy to maintain outstanding status under the new Ofsted framework.

The Trustees are certain that the Academy will continue to build on its existing strengths and continue to provide the children who attend the Academy education of the highest quality which takes into account individual needs.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the Trustees are aware:

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

This report, incorporating the Strategic report, was approved by order of the Board of Trustees, as the company directors, on 4 December 2014 and signed on the board's behalf by:

.....  
**W Partridge**  
Chairman

**CHARLTON KINGS INFANTS' SCHOOL**  
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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Charlton Kings Infants' School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' and in the Trustees' responsibilities statement. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Pandazis	4	4
W Partridge	4	4
A Tonge (resigned 19.10.13)	1	1
V Dirken	4	4
L Parry	4	4
T Bevan	4	4
L Reilly	3	4
M Fletcher	2	4
C Paris-Johnstone (appointed 21.10.13)	3	3
C Daglish (resigned 01.09.13)	0	0
S Thomas	4	4
A Jones	4	4
P Petrie	4	4
G Whitten-Brown	3	3
N Owens	4	4
K Arndtz	4	4
L Fulvio-Mason	3	4
R Koller	4	4
E Dalton	4	4

Governance reviews:

'The Board of Trustees conducts an annual skills audit of members and subsequently uses this information to identify training opportunities and inform the restructuring of committees as Board of Trustees membership changes.

The Clerk to the Board of Trustees also maintains a Succession Planning record to assist in the continuity of essential skills when trustee terms of office are approaching their end dates.

A record of all mandatory training and expiry dates is monitored by the Clerk to ensure that the Board of Trustees remain compliant.

The Finance and Operations Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee the accounting, finances, administration of the school as well as ensuring that the physical fabric of the school is looked after to a high standard. The Committee is also responsible for staffing and pay discussion. For example, in the past year, all TAs have received a pay increase following reasonable discussion and calculation of impact on academy funds in addition to in-service training.

**CHARLTON KINGS INFANTS' SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

The Terms of Reference for the Finance and Operations Committee are as follows:

**Finance:**

In consultation with the Headteacher & administrator:

- To draft the first formal budget plan of the financial year.
- To establish and maintain and up to date 3 year financial plan.
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Board of Trustees.
- To ensure that the school operates within the financial regulations of the relevant statutory body.
- To monitor expenditure of all voluntary funds kept on behalf of the Board of Trustees.
- To review the charges and remissions policy and the trustees expenses policy.
- To make decisions in respect of service agreements.
- To make decisions on expenditure following recommendations from other committees.
- To determine whether sufficient funds are available for pay increments as recommended by the Headteacher in the light of the Headteacher's Performance Management Group's recommendations.
- To monitor and review lettings agreements and to review lettings rental every 3 years.

Health & Safety, buildings and grounds:

- To ensure that Health and Safety issues are appropriately prioritised and then advise the Board of Trustees on the priorities.
- To oversee arrangements for repairs and maintenance.
- To make recommendations to the Board of Trustees on premises related expenditure.
- In consultation with the Headteacher, to oversee premises related funding bids.
- To oversee arrangements, including Health and Safety, for the use of school premises by outside users, subject to Board of Trustees Policy.
- To establish and keep under review an Asset Management Plan (in SDP)
- To establish and keep under review an Accessibility Plan.
- To ensure that the Headteacher maintains and stores documentation relevant to deeds, etc safely and securely.

Personnel:

- To maintain and review Staff Development, Performance Management and Pay Policies.
- To observe all statutory and contractual obligations.
- To advise the Board of Trustees on:
  - the staffing structure in consultation with the head teacher
  - the award of discretionary payments
  - relevant staff issues in accordance with the Pay Policy.
- To ensure the employment of staff as laid down in the Pay Policy.
- To ensure disciplinary rules and procedures are maintained.
- To consider any appeal against a decision on pay grading or pay awards.
- To establish and review a Performance Management Policy for all staff
- To oversee the process leading to staff reductions.
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence
- To make recommendations on personnel related expenditure to the Board of Trustees.
- Minute clearly the reasons for all decisions and to report these decisions to a full meeting of the Board of Trustees.

**CHARLTON KINGS INFANTS' SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Pandazis	4	4
L Reilly	3	4
N Owens	4	4
V Dirken	4	4
K Arndtz	4	4
T Bevan	4	4
S Thomas	4	4
A Jones	4	4

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Charlton Kings Infants' School for the year 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Operations 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;
- 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 V Dirken (Trustee) as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis (at least), the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

We confirm that the RO function has been delivered in line with the EFA's requirements. There have been no material control issues arising from the RO reports thus far.

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**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Operations 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 4 December 2014 and signed on its behalf, by:

.....  
**W Partridge**  
**Chairman**

.....  
**J Pandazis**  
**Accounting Officer**

**CHARLTON KINGS INFANTS' SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Charlton Kings Infants' School I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

.....  
**J Pandazis**  
**Accounting Officer**

Date: 4 December 2014

**CHARLTON KINGS INFANTS' SCHOOL**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

The Trustees (who act as Governors of Charlton Kings Infants' School 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 4 December 2014 and signed on its behalf by:

.....  
**W Partridge**  
**Chairman**

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CHARLTON KINGS INFANTS' SCHOOL**

We have audited the financial statements of Charlton Kings Infants' School for the year ended 31st August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31st August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

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

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CHARLTON KINGS INFANTS'  
SCHOOL**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

Nicola Smith (Senior statutory auditor)

for and on behalf of

**Davies Mayers Barnett LLP**

Chartered Accountants  
Statutory Auditors  
Pillar House  
113 - 115 Bath Road  
Cheltenham  
Gloucestershire  
GL53 7LS

4 December 2014

## **CHARLTON KINGS INFANTS' SCHOOL**

**(A company limited by guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON REGULARITY TO CHARLTON KINGS INFANTS' SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22nd September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Charlton Kings Infants' School during the year 1st September 2013 to 31st August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Charlton Kings Infants' School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Charlton Kings Infants' School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Charlton Kings Infants' School and EFA, for our work, for this report, or for the conclusion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF CHARLTON KINGS INFANTS' SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

In this regard we have carried out the following:

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the EFA regarding Academy governance matters during the year; and
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters.

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON REGULARITY TO CHARLTON KINGS  
INFANTS' SCHOOL 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 year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Davies Mayers Barnett LLP**

Chartered Accountants  
Reporting Accountants  
Pillar House  
113 - 115 Bath Road  
Cheltenham  
Gloucestershire  
GL53 7LS

4 December 2014

CHARLTON KINGS INFANTS' SCHOOL

(A company limited by guarantee)

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

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds:</b>						
Voluntary income	2	994	75,210	-	76,204	73,000
Activities for generating funds	3	132,457	2,150	-	134,607	137,739
<b>Incoming resources from charitable activities:</b>						
Funding for the Academy Trust's educational operations	4	-	938,093	35,000	973,093	946,449
<b>TOTAL INCOMING RESOURCES</b>		<b>133,451</b>	<b>1,015,453</b>	<b>35,000</b>	<b>1,183,904</b>	<b>1,157,188</b>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds:</b>						
Costs of generating voluntary income		4,042	100,265	-	104,307	41,428
Costs of activities for generating funds		104,031	2,047	-	106,078	112,218
<b>Charitable activities:</b>						
Academy Trust's educational operations	6	-	961,051	70,275	1,031,326	936,244
Governance costs	7	-	22,352	-	22,352	31,826
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>108,073</b>	<b>1,085,715</b>	<b>70,275</b>	<b>1,264,063</b>	<b>1,121,716</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>25,378</b>	<b>(70,262)</b>	<b>(35,275)</b>	<b>(80,159)</b>	<b>35,472</b>

**CHARLTON KINGS INFANTS' SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	15	-	(23,485)	23,485	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>25,378</b>	<b>(93,747)</b>	<b>(11,790)</b>	<b>(80,159)</b>	35,472
Actuarial gains and (losses) on defined benefit pension schemes		-	(101,000)	-	(101,000)	7,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>25,378</b>	<b>(194,747)</b>	<b>(11,790)</b>	<b>(181,159)</b>	42,472
Total funds at 1st September 2013		122,849	(138,641)	2,531,465	2,515,673	2,473,201
<b>TOTAL FUNDS AT 31ST AUGUST 2014</b>		<b>148,227</b>	<b>(333,388)</b>	<b>2,519,675</b>	<b>2,334,514</b>	2,515,673

All activities relate to continuing operations.

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

The notes on pages 23 to 39 form part of these financial statements.

**CHARLTON KINGS INFANTS' SCHOOL**

(A company limited by guarantee)

REGISTERED NUMBER: 07689749

**BALANCE SHEET  
AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	12		2,492,508		2,531,465
<b>CURRENT ASSETS</b>					
Debtors	13	47,321		33,927	
Cash at bank and in hand		397,873		371,578	
		<u>445,194</u>		<u>405,505</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	<u>(207,188)</u>		<u>(138,297)</u>	
<b>NET CURRENT ASSETS</b>			<u>238,006</u>		267,208
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,730,514</u>		2,798,673
Defined benefit pension scheme liability	21		<u>(396,000)</u>		<u>(283,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>2,334,514</u></u>		<u><u>2,515,673</u></u>
<b>FUNDS OF THE ACADEMY</b>					
<b>Restricted funds:</b>					
Restricted funds	15	62,612		144,359	
Restricted fixed asset funds	15	2,519,675		2,531,465	
		<u>2,582,287</u>		<u>2,675,824</u>	
Restricted funds excluding pension liability				2,675,824	
Pension reserve		<u>(396,000)</u>		<u>(283,000)</u>	
Total restricted funds			<u>2,186,287</u>		2,392,824
Unrestricted funds	15		<u>148,227</u>		122,849
<b>TOTAL FUNDS</b>			<u><u>2,334,514</u></u>		<u><u>2,515,673</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 4 December 2014 and are signed on their behalf, by:

.....  
**W Partridge, Chairman**

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	18	<b>22,615</b>	150,522
Capital expenditure and financial investment		<b>3,680</b>	(84,348)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>26,295</b>	66,174

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

	2014 £	2013 £
Increase in cash in the year	<b>26,295</b>	66,174
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>26,295</b>	66,174
Net funds at 1st September 2013	<b>371,578</b>	305,404
<b>NET FUNDS AT 31ST AUGUST 2014</b>	<b>397,873</b>	371,578

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

**1. ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

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

**Going concern**

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

**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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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.

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

**1. ACCOUNTING POLICIES (continued)**

**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.

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

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.

**Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and 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.

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.

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:

Freehold Property	-	2%
S/Term Leasehold Property	-	5-10%
Fixtures and fittings	-	25%

Freehold buildings are depreciated over 50 years as this is the assessment of remaining economic life when the assets were acquired from the predecessor school.

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

**Leased assets**

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

**CHARLTON KINGS INFANTS' SCHOOL**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2014**

**1. ACCOUNTING POLICIES (continued)**

**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.

**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 21, 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.

**Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/ donor and include grants from the EFA, Department for Education and School Fund accounts.

**CHARLTON KINGS INFANTS' SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2014**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
School funds	-	64,769	64,769	64,165
Other donations	994	10,441	11,435	8,835
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<b>994</b>	<b>75,210</b>	<b>76,204</b>	73,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Kindergarten	117,575	-	117,575	119,688
Hire of facilities - Facilities and services	14,882	-	14,882	15,616
Other income	-	2,150	2,150	2,435
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>132,457</b>	<b>2,150</b>	<b>134,607</b>	137,739
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	920,931	920,931	902,384
Capital grants	-	35,000	35,000	14,030
Other DfE/ EFA grants	-	12,837	12,837	3,840
	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>968,768</b>	<b>968,768</b>	920,254
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other government grants</b>				
Local authority grants	-	4,325	4,325	7,927
Special educational projects	-	-	-	18,268
	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>4,325</b>	<b>4,325</b>	26,195
	<hr/>	<hr/>	<hr/>	<hr/>
	-	<b>973,093</b>	<b>973,093</b>	946,449
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CHARLTON KINGS INFANTS' SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2014**

**5. RESOURCES EXPENDED**

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Costs of generating voluntary income	31,699	-	72,608	104,307	41,428
Costs of activities for generating funds	101,827	-	4,251	106,078	112,218
<b>Academy's educational operations:</b>					
Direct costs	678,286	-	36,406	714,692	693,913
Support costs	77,482	206,925	32,227	316,634	242,331
<b>Governance</b>	-	-	22,352	22,352	31,826
	<u>889,294</u>	<u>206,925</u>	<u>167,844</u>	<u>1,264,063</u>	<u>1,121,716</u>

**6. CHARITABLE ACTIVITIES**

	Total funds 2014 £	Total funds 2013 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	678,286	650,249
Educational supplies and services	32,877	38,927
Staff development	3,529	4,737
	<u>714,692</u>	<u>693,913</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	68,482	68,791
Depreciation	70,275	60,590
Pension finance cost	9,000	10,000
Maintenance of premises and equipment	74,958	17,025
Cleaning	18,029	20,400
Rent and rates	7,739	5,623
Heat and light	15,061	12,998
Insurance	20,861	16,963
Security and transport	8,958	5,508
Catering	2,658	5,724
Computer costs	4,190	11,961
Other support costs	16,423	6,748
	<u>316,634</u>	<u>242,331</u>
	<u>1,031,326</u>	<u>936,244</u>

**CHARLTON KINGS INFANTS' SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2014**

**7. GOVERNANCE COSTS**

	<b>Total funds 2014 £</b>	<b>Total funds 2013 £</b>
Auditors' remuneration	8,480	8,400
Legal and professional fees	13,872	23,426
	<b>22,352</b>	<b>31,826</b>
	<b>22,352</b>	<b>31,826</b>

**8. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	<b>2014 £</b>	<b>2013 £</b>
Depreciation of tangible fixed assets: - owned by the charity	70,275	60,590
Auditors' remuneration	4,380	4,250
Auditors' remuneration - non audit services	4,100	4,150
	<b>78,755</b>	<b>69,000</b>
	<b>78,755</b>	<b>69,000</b>

**9. STAFF**

**a. Staff costs**

Staff costs were as follows:

	<b>2014 £</b>	<b>2013 £</b>
Wages and salaries	707,885	678,099
Social security costs	40,839	42,544
Other pension costs (Note 21)	110,926	109,474
	<b>859,650</b>	<b>830,117</b>
Supply teacher costs	20,644	25,890
Pension finance cost (Note 21)	9,000	10,000
	<b>889,294</b>	<b>866,007</b>
	<b>889,294</b>	<b>866,007</b>

**CHARLTON KINGS INFANTS' SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2014**

**9. STAFF (continued)**

**b. Staff numbers**

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

	<b>2014</b>	2013
	<b>No.</b>	No.
Teachers	<b>12</b>	11
Administration and support	<b>12</b>	12
Kindergarten	<b>4</b>	4
	<u><b>28</b></u>	<u>27</u>

**c. Higher paid staff**

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

	<b>2014</b>	2013
	<b>No.</b>	No.
In the band £60,001 - £70,000	<u><b>1</b></u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31st August 2014 pension contributions amounted to £8,728 (2013: £8,642).

**10. 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. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration, including employer pension contributions, fell within the following bands:

	<b>2014</b>	2013
	<b>£</b>	£
J Pandazis, Head Teacher	<b>70,000-75,000</b>	65,000-70,000
K Arndtz, Staff Trustee	<b>20,000-25,000</b>	20,000-25,000
E Dalton, Staff Trustee	<b>5,000-10,000</b>	5,000-10,000
L Fulvio-Mason, Staff Trustee	<b>10,000-15,000</b>	10,000-15,000
R Koller, Staff Trustee	<b>20,000-25,000</b>	30,000-35,000
N Owens, Staff Trustee	<b>40,000-45,000</b>	45,000-50,000

During the period ended 31st August 2014, no travel and subsistence expenses were reimbursed to Trustees (2013: £nil).

Where other related party transactions involving the Trustees arise, these are set out in note 22.

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**11. 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 £2,000,000 on any one claim and the cost for the year ended 31st August 2014 was £679 (2013 - £679). The cost of this insurance is included in the total insurance cost.

**12. TANGIBLE FIXED ASSETS**

	<b>Freehold Land and Buildings £</b>	<b>Freehold Improvements £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1st September 2013	2,489,147	116,384	42,783	2,648,314
Additions	-	16,422	14,898	31,320
At 31st August 2014	<u>2,489,147</u>	<u>132,806</u>	<u>57,681</u>	<u>2,679,634</u>
<b>Depreciation</b>				
At 1st September 2013	103,715	3,007	10,127	116,849
Charge for the year	49,783	8,832	11,662	70,277
At 31st August 2014	<u>153,498</u>	<u>11,839</u>	<u>21,789</u>	<u>187,126</u>
<b>Net book value</b>				
At 31st August 2014	<u>2,335,649</u>	<u>120,967</u>	<u>35,892</u>	<u>2,492,508</u>
At 31st August 2013	<u>2,385,432</u>	<u>113,377</u>	<u>32,656</u>	<u>2,531,465</u>

On conversion the Trustees agreed to base their valuation of freehold land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared with the additional benefit derived by the users of the accounts.

Due to the School buildings being deemed specialist in nature and therefore not traded in an open market, insurance valuation was deemed to be a reasonable estimate of depreciated replacement cost for recognition purposes.

**13. DEBTORS**

	<b>2014 £</b>	<b>2013 £</b>
Other debtors	18,561	12,692
Prepayments and accrued income	28,760	21,235
	<u>47,321</u>	<u>33,927</u>

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**14. CREDITORS:  
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	32,117	23,936
Other creditors	74,924	76,160
Accruals and deferred income	100,147	38,201
	<b>207,188</b>	<b>138,297</b>
<b>Deferred income</b>		£
Resources deferred during the year		<b>66,674</b>

**Deferred Income**

Deferred income received during the period ended 31st August 2014 specific to funding for future periods has been deferred accordingly.

**15. STATEMENT OF FUNDS**

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes:-

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	122,849	133,451	(108,073)	-	-	148,227
	<b>122,849</b>	<b>133,451</b>	<b>(108,073)</b>	<b>-</b>	<b>-</b>	<b>148,227</b>
<b>Restricted funds</b>						
General Annual Grant (GAG)	42,509	920,931	(947,381)	(23,485)	-	(7,426)
Start up Grant	8,609	-	-	-	-	8,609
Other DfE/ EFA grants	3,840	12,837	(7,135)	-	-	9,542
School Fund Account	81,953	64,769	(94,109)	-	-	52,613
Other Government grants	4,340	4,325	(16,887)	-	-	(8,222)
Other income	3,108	12,591	(8,203)	-	-	7,496
Pension reserve	(283,000)	-	(12,000)	-	(101,000)	(396,000)
	<b>(138,641)</b>	<b>1,015,453</b>	<b>(1,085,715)</b>	<b>(23,485)</b>	<b>(101,000)</b>	<b>(333,388)</b>

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**15. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

Dfe/ EFA Capital grants	20,978	35,000	(65)	-	-	55,913
Predecessor School Transfer	2,385,432	-	(49,783)	-	-	2,335,649
Capital expenditure from other funds	125,055	-	(20,427)	23,485	-	128,113
	<u>2,531,465</u>	<u>35,000</u>	<u>(70,275)</u>	<u>23,485</u>	<u>-</u>	<u>2,519,675</u>
Total restricted funds	<u>2,392,824</u>	<u>1,050,453</u>	<u>(1,155,990)</u>	<u>-</u>	<u>(101,000)</u>	<u>2,186,287</u>
Total of funds	<u><u>2,515,673</u></u>	<u><u>1,183,904</u></u>	<u><u>(1,264,063)</u></u>	<u><u>-</u></u>	<u><u>(101,000)</u></u>	<u><u>2,334,514</u></u>

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

The Restricted General Fund includes GAG and other grants receivable from the EFA and Local Authority towards the Academy's educational activities. School funds held in respect of education visits and events are also included in the Restricted General Fund.

The Restricted Fixed Asset Fund includes amounts receivable from the EFA in respect of tangible fixed assets held for Academy use.

The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

Transfers between the Restricted and Unrestricted Funds and the Restricted Fixed Asset Fund relate to asset purchases from these funds during the period.

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 31st August 2014.

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances are represented by:-

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	2,492,508	2,492,508	2,531,465
Current assets	148,227	192,184	104,783	445,194	405,505
Creditors due within one year	-	(129,572)	(77,616)	(207,188)	(138,297)
Provisions for liabilities and charges	-	(396,000)	-	(396,000)	(283,000)
	<u>148,227</u>	<u>(333,388)</u>	<u>2,519,675</u>	<u>2,334,514</u>	<u>2,515,673</u>

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**17. CAPITAL COMMITMENTS**

At 31st August 2014, the Academy had capital commitments of £Nil (2013: £Nil).

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net incoming resources before revaluations	(80,159)	35,472
Depreciation of tangible fixed assets	70,277	60,590
Capital grants from DfE	(35,000)	(14,030)
Decrease/(Increase) in debtors	(13,394)	15,762
Increase in creditors	68,891	43,728
FRS 17 pension cost less contributions payable	3,000	(1,000)
FRS 17 pension finance cost	9,000	10,000
	<b>22,615</b>	<b>150,522</b>
<b>Net cash inflow from operations</b>	<b>22,615</b>	<b>150,522</b>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(31,320)	(98,378)
Capital grants from DfE	35,000	14,030
	<b>3,680</b>	<b>(84,348)</b>
<b>Net cash inflow/(outflow) capital expenditure</b>	<b>3,680</b>	<b>(84,348)</b>

**19. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	371,578	26,295	-	397,873
<b>Net funds</b>	<b>371,578</b>	<b>26,295</b>	<b>-</b>	<b>397,873</b>
	<b>371,578</b>	<b>26,295</b>	<b>-</b>	<b>397,873</b>

**20. MEMBERS' LIABILITY**

Each member of the Academy 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. 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. 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.

Costs incurred in the period relating to TPS were £63,723 and relating to LGPS were £49,591 (2013: (TPS) £67,286 and (LGPS) £43,188).

Contributions amounting to £7,800 (TPS) and £5,101 (LGPS) were payable to the scheme at 31st August 2014 (2013 - £9,560 (TPS) and £4,493 (LGPS)) 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.

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

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

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**21. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2014 was £58,721 (2013: £54,520), of which employer's contributions totalled £46,591 (2013: 43,188) and employees' contributions totalled £12,130 (2013: £11,332). The agreed contribution rates for future years are 25.0% for employers and depending on salary banding, between 5.5% and 12.5% 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.

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**21. PENSION COMMITMENTS (continued)**

**Employer Contributions**

At 31st March 2013, a formal valuation of the LGPS was undertaken and determined the contributions payable to the fund from 1st April 2014 to 31st March 2017. The employer contribution rate payable is made up of a normal rate for future service plus additional amounts in relation to the deficit valued at 31st March 2013.

On this basis, the contribution rate which applies from 1st April 2014 is a normal future service contribution rate of 22.2% of pensionable pay per annum plus additional contributions in relation to the deficit. An allowance is included within the normal future service contribution rate for the expected costs associated with ill health early retirements and also for the administrative costs of running the Fund. The cost of any non-ill health early retirements, however, should be payable via additional contributions.

To recover the deficit via additional contributions, based on a recovery period of 20 years, the additional contribution rate required is 7.0% of pensionable pay per annum (the same rate identified for Gloucestershire County Council at the 2013 valuation), leading to an overall employer contribution rate applicable as at 31st March 2013 of 29.1% of pensionable pay which is being phased in with a maximum increase of 2.5% per annum.

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>
Equities	<b>6.30</b>	<b>236,000</b>	6.60	173,000
Bonds	<b>3.20</b>	<b>69,000</b>	3.80	48,000
Property	<b>4.50</b>	<b>20,000</b>	4.70	14,000
Cash/liquidity	<b>3.30</b>	<b>3,000</b>	3.60	5,000
		<hr/> <b>328,000</b>		<hr/> 240,000
Total market value of assets		<b>(724,000)</b>		<hr/> (523,000)
Present value of scheme liabilities		<hr/> <b>(396,000)</b>		<hr/> (283,000)
Deficit in the scheme		<hr/> <b>(396,000)</b>		<hr/> (283,000)

The amounts recognised in the Balance sheet are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Present value of funded obligations	<b>(724,000)</b>	(523,000)
Fair value of scheme assets	<b>328,000</b>	240,000
	<hr/> <b>(396,000)</b>	<hr/> 240,000
Net liability	<hr/> <b>(396,000)</b>	<hr/> (283,000)

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**21. PENSION COMMITMENTS (continued)**

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

	<b>2014</b>	2013
	£	£
Current service cost	<b>(49,000)</b>	(42,000)
Interest on obligation	<b>(25,000)</b>	(19,000)
Expected return on scheme assets	<b>16,000</b>	9,000
Past service cost	<b>(11,967)</b>	(12,396)
	<hr/>	<hr/>
Total	<b>(69,967)</b>	(64,396)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	<b>37,000</b>	28,000
	<hr/> <hr/>	<hr/> <hr/>

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the year.

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

	<b>2014</b>	2013
	£	£
Opening defined benefit obligation	<b>523,000</b>	439,000
Current service cost	<b>49,000</b>	42,000
Interest cost	<b>25,000</b>	19,000
Contributions by scheme participants	<b>12,000</b>	11,000
Actuarial Losses	<b>117,000</b>	12,000
Benefits paid	<b>(2,000)</b>	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>724,000</b>	523,000
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2014</b>	2013
	£	£
Opening fair value of scheme assets	<b>240,000</b>	158,000
Expected return on assets	<b>16,000</b>	9,000
Actuarial gains and (losses)	<b>16,000</b>	19,000
Contributions by employer	<b>46,000</b>	43,000
Contributions by employees	<b>12,000</b>	11,000
Benefits paid	<b>(2,000)</b>	-
	<hr/>	<hr/>
	<b>328,000</b>	240,000
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £125,000 (2013 - £24,000 loss).

The Academy expects to contribute £57,000 to its Defined benefit pension scheme in 2015.

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**21. PENSION COMMITMENTS (continued)**

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

	<b>2014</b>	2013
Discount rate for scheme liabilities	<b>3.70 %</b>	4.60 %
Expected return on scheme assets at 31st August	<b>5.50 %</b>	5.90 %
Rate of increase in salaries	<b>3.90 %</b>	4.60 %
Rate of increase for pensions in payment / inflation	<b>2.60 %</b>	2.80 %
Inflation assumption (CPI)	<b>2.10 %</b>	2.10 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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

	<b>2014</b>	2013
Retiring today		
Males	<b>22.5</b>	21.7
Females	<b>24.6</b>	23.6
Retiring in 20 years		
Males	<b>24.4</b>	23.5
Females	<b>27.0</b>	25.8

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

Defined benefit pension schemes

	<b>2014</b>	2013	2012
	£	£	£
Defined benefit obligation	<b>(724,000)</b>	(523,000)	(439,000)
Scheme assets	<b>328,000</b>	240,000	158,000
Deficit	<b>(396,000)</b>	(283,000)	(281,000)
Experience adjustments on scheme liabilities	<b>(117,000)</b>	(12,000)	(27,000)
Experience adjustments on scheme assets	<b>16,000</b>	19,000	(4,000)

**Sensitivity Analysis**

<b>Change in assumptions at 31st August 2014</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£)</b>
0.5% decrease in Real Discount Rate	12	86,000
1 year increase in member life expectancy	3	22,000
0.5% increase in Salary Increase Rate	5	35,000
0.5% increase in Pension Increase Rate	7	48,000

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**22. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the Governing Body 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 during the year ended 31st August 2014 (2013: £Nil).