

**Benedict Biscop Church of England Academy
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Period Ended 31 August 2012

**Company Registration Number:
07909140 (England and Wales)**

Benedict Biscop Church of England Academy

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Benedict Biscop Church of England Academy

Reference and administrative details

Members	Bishop of Durham representative – Archdeacon of Sunderland – Venerable Stuart Bain Board of finance representative – Lay chair of Wearmouth Deanery Synod – Richard P. Thorndyke Area Dean of Wearmouth Deanery – Reverend Richard Bradshaw Julie Mulvaney [Chair of Governors]
Directors/Trustees/Governors (all governors appointed on conversion 1 February 2012 unless otherwise stated)	Julie Mulvaney [Chair of Governors] Reverend Martin Anderson [Vice chair] Claire Latham [Resigned 31.08.12] Reverend Jen Bradshaw [Resigned 25.06.12] Paula Thompson* [Ex officio Headteacher]
members of Finance and Resource Management Committee	Sarah Hepworth [Staff governor] Paula Tait [Staff governor] John Farnsworth* [Appointed 01.09.12] Angela Atkinson [Parent governor appointed 25.05.12] Jennie Little Sharon Holden* Richard Simpson* [Chair of finance] Reverend Stephanie Clark [Responsible officer] Susan Burn [Appointed 15.03.12] Jacqueline Murray* [Appointed 15.03.12] Mark Stouph* [Appointed 25.05.12] Victoria Leadley [Appointed 01.09.12]
Secretary	Christine Henderson
Senior management team	Paula Thompson – Headteacher [Principal] Natalie Fountain – Deputy Headteacher Sarah Hepworth – Assistant Headteacher Sarah Hughes – Academy Business Manager [resigned 29.09.12] Jennifer Prandle – Academy Business Manager [appointed 22.10.12]
Registered Office	Marcross Drive Moorside Sunderland SR3 2RE
Company Registration Number	07909140
Auditors	Evolution Audit LLP 10 Evolution Wynyard Business Park Wynyard TS22 5TB
Bankers	Lloyds Banking Group North East 102 Grey Street Newcastle upon Tyne Tyne and Wear NE1 6AG
Solicitors	Quality Solicitors BHP Law LLP Kingfisher House 2 Kingfisher Way Stockton on Tees TS18 3EX

Benedict Biscop Church of England Academy

Governors' Report

The Governors present their annual report together with the audited financial statements of the academy for the period ended 31 August 2012.

Structure, Governance and Management

Constitution

The Academy Trust was incorporated on February 1st 2012 and is a company limited by guarantee and an exempt charity, 07909140. The company commenced operation as an academy on the same day. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust. The articles of association require the members of the Charitable Company to be responsible for the statutory and constitutional affairs of the charitable company and management of the Academy.

The initial members of the governing body were nominated by the Governing Body of Benedict Biscop Church of England Primary School with approval from the Academy Trust Directors, who were also incorporated on February 1st 2012. Since then the Governors have increased in number to 16 members as follows: 9 Foundation Governors [of whom there are 3 parent foundation, 2 Board of Education Representatives, 2 Deanery Synod representatives, 1 Ex Officio Priest, 1 Bishop's Representative] 2 staff Governors, 1 Ex Officio Headteacher/Principal, 2 elected parent governors and 2 co-opted governors.

The governors act as the trustees for the charitable activities of Benedict Biscop Church of England Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Benedict Biscop Church of England Academy.

Details of the governors who served throughout the period between February 1st and August 31st 2012, except as noted, are included in the Reference and Administrative Details on Page 1.

Members' Liability

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

Governors' Indemnities

Every Governor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted by the court from liability for negligence default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Principal Activities

- [a] the school provides education for pupils of different abilities
- [b] the school has a curriculum satisfying the requirements of section 78 of EA 2002 [balanced and broad based curriculum]
- [c] the school provides education for the pupils who are wholly or mainly drawn from the area in which the school is situated
- [d] the school will be at the heart of the community, promoting community cohesion and sharing facilities with other schools and the wider community

Method of Recruitment and Appointment or Election of Governors

Membership is determined in accordance with the composition set out in Article 12 onwards. This states that the Academy Trust is comprised as follows:

- 4 directors
 - 1 of whom is the chair of governors
- 9 foundation governors
 - 1 ex-officio appointed by Area Dean of Wearmouth
 - 2 Deanery Synod appointed by Wearmouth Deanery Executive

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Governors' Report (continued)

- 3 foundation parents appointed by other foundation governors supported by Area Dean of Wearmouth
- 2 Board of Education representatives appointed by the Board of Education
- 1 Bishop of Durham representative appointed by the Bishop of Durham through Director of Education
- 7 non foundation governors
 - 2 staff elected by staff employed by the academy
 - 2 parents elected by parents of pupils registered at the Academy
 - 2 co-opted appointed by governing body and/or the Academy Trust directors
 - 1 ex-officio being the Headteacher/principal

The Academy Trust directors are responsible for appointing the 9 foundation governors in discussion with the body they represent. The Headteacher/principal is responsible for ensuring elections of parent [Articles 53-58] and staff governors [Articles 50A] are held in accordance with procedures. The full governing body are responsible for co-opting up to 2 governors onto the Academy Trust whose skills are invaluable to the Academy under Article 59. The Headteacher/principal should be treated for all purposes as being an ex-officio Governor.

The term of office of any governor shall be 4 years. The limit shall not apply to the Headteacher/principal. Notwithstanding this, any governor may be reappointed or re-elected.

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

Although a formal policy for induction and training of governors has not been agreed the following training did take place, provided by Specialist Schools and Academies Trust (SSAT):

- Roles and Responsibilities of Governors on conversion to Academy
- Outstanding Teaching and Learning, including governors monitoring role

Organisational Structure

The Academy's unified management structure consist of 3 levels: the Governors, the Senior Leadership Team [SLT] and the Academy Business Manager.

The governors are responsible for determining general policy, adopting an annual School Improvement Plan following a self evaluation review, monitoring the practices and procedures adopted by the Academy, determining strategic direction of the academy, capital expenditure and senior staff appointments.

The SLT consists of the Headteacher/principal, the Deputy Headteacher and an Assistant Headteacher. They are supported by an inclusion manager and foundation stage leader. The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Headteacher and Governors are responsible for authorisation of spending with agreed budgets as stated in the Scheme of Delegation and finance handbook and the appointment of staff.

The Academy Business manager is responsible for the management of the financial systems, sourcing additional funds, ensuring efficient and effective use of resources. The Academy Business manager is responsible for authorization of spending up to agreed limits as stated in the Scheme of Delegation and Finance Handbook. The Academy Business manager is responsible for the management of all support staff and efficient operation of the school office.

The Headteacher is the Accounting Officer.

Risk Management

The Academy maintains a risk management plan which is reviewed by the Finance and Resource Management Committee to ensure satisfactory arrangements are in place to manage the risk. There is an annual review of all risk management issues led by various staff e.g. Site Development Officer, ICT manager and Academy Business Manager as well as teaching staff, however, there is ongoing review in response to situations or new legislation or information.

Benedict Biscop Church of England Academy

Governors' Report (continued)

The Academy considers all risks and the Governors have implemented a number of systems to assess risks that may impact the Academy, especially in operational areas, e.g. in relation to teaching, management of IT security, safeguarding, health and safety, including educational school visits, and in relation to the control of finance. They have introduced systems, including operational procedures [e.g. Foundation Stage access, management of vehicles on site and a mobile phone free zone] and internal financial controls. The governors are satisfied that systems are in place to mitigate exposure to major risks.

Connected Organisations, including Related Party Relationships

Governors have declared no business interests to date and where any governors should declare an interest, procedures are in place to address this. The school have adopted a policy that if there are any interests declared the governor would remove themselves from the decision making process.

Related parties at Benedict Biscop Church of England Academy are the Diocese, the Deanery and the church community, with regular information sent to the Director of Education.

Objectives and Activities

Objects and Aims

The principal objective and activity of the charitable company is the operation of Benedict Biscop Church of England Academy to provide education for pupils of different abilities between the ages of 3-11. In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education.

Mission:

We will create a safe, stimulating and happy learning environment within which all members of our school family realise their potential, aspiring to excellence in all aspects of life, in the light of the Christian faith.

School Aims:

- We aim to promote Christian values within the school as exemplified by the life and teaching of Jesus Christ, so that everyone develops confidence in their own ability, with healthy self esteem, working collaboratively, showing tolerance, commitment, responsibility, respect and care for everyone
- We aim to stimulate in each child a sense of curiosity and excitement about the world and to encourage him/her to search for truth, meaning and purpose in life: to provide an opportunity to search for a faith by which to live
- We aim to encourage each member of the school community to develop their full potential by promoting the highest standards of achievement in all areas, to enable pupils to grow and achieve fullness of life through discovering and developing their talents
- We aim to provide a broad and balanced curriculum which will develop lively enquiring minds to prepare each child to meet the challenges of the future with confidence
- We aim to provide a welcoming, stimulating learning environment in which the contributions of all members of the school community are valued and celebrated
- We aim to develop strong links and positive relationships with governors, parents, the Church, local industry and the local communities

Our values are developed through the curriculum and made real in our daily lives.

Objectives, Strategies and Activities

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance and public benefit.

Benedict Biscop Church of England Academy

Governors' Report (continued)

Benedict Biscop Church of England Academy is non-selective and offers all pupils a broad curriculum. The pupils who attend live mainly in the Doxford Ward of the City of Sunderland, although families who wish to apply for a Faith place may do so if they reside in the Wearmouth Deanery. To assist academic achievement and to support parents returning to work or part time/ full time education, the Academy operates a breakfast club, after school care facilities and wrap around nursery provision. The Academy also offers its pupils activities and experiences beyond the school day, engaging 94% pupils of all ages in a variety of experiences which enhance learning and social development, for which the school has been awarded Advanced Study Support Award.

The Academy organises various visits to develop learning beyond the classroom and there is a developing partnership with China and 7 other European countries through the Comenius project to raise global awareness and educate pupils about cultural differences and similarities.

Objectives:

- To convert to Academy status, ensuring roles and responsibilities are secure to enable the Academy to move forward
- To secure outstanding attainment and progress in all phases [Ofsted]
- To improve provision within Early Years by developing the outdoor provision
- To secure improvements in teaching and leadership through the appointment of new staff [Inclusion Manager, Assistant Headteacher and Academy Business Manager]
- To continue to forge partnerships with European partners [Turkey, Lithuania, Latvia, France, Poland, Bulgaria and Italy] and partner school in China through regular communication, shared learning and educational pupil/ teacher visits during 2011-12
- To secure improvements in writing attainment with particular reference to attainment of boys across school
- To further develop the curriculum ensuring basic skills are the core element, with application across the broad spectrum of subjects

Public Benefit

The Academy Trust Governors confirm they have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising its powers and duties.

Achievements and Performance

2011-12

The Academy has continued to attain high standards – well above national in all areas, demonstrating outstanding progress and attainment.

Ofsted 2012 - Outstanding in all areas

Statutory Inspection Anglican Schools 2012 - Outstanding in all areas

Financial Management and Governance Evaluation (FMGE) – Rated as Good [May 2012]

Teaching and Learning in all Key Stages outstanding [internal self evaluation - validation by Ofsted 2012].

Key Stage 1	Level 2+ Age expectation		Level 3	
	School	National	School	National
2012				
Reading	93%	87%	52%	28%
Writing	90%	83%	31%	14%
Mathematics	97%	85%	41%	38%

Key Stage 2	Level 4+ Age expectation		Level 5	
	School	National	School	National
2012				
English	100%	91%	62%	22%
Mathematics	100%	84%	51%	39%

These figures are to be validated by the Department for Education [DfE] in February 2013.

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Governors' Report (continued)

School set aspirational targets for KS2 – Family Fischer Trust Data [FFTD] and in 2012:

- 100% [2012], pupils made 2 levels+ progress in English - 8% above FFTD target
- 97% [2011], pupils made 2 levels+ progress in Maths - 7% above FFTD target

In order to demonstrate pupils' accelerated progress the school entered pupils for the standardised 2012 L6 tests. As a result: 5 pupils attained L6 in writing and 2 children attained L6 in maths.

Value added:

Overall: 100.9	English: 101.3	Mathematics: 100.3
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- Number of pupils making 2 levels progress in Mathematics has increased by 12% over 5 years as a result of focussed school improvement and more accurate assessment at end of KS1.
- Number of pupils making 2 levels progress in English is consistently high.
- Significant improvement in number of pupils making 3 levels of progress in English due to more accurate assessment in writing based on teacher assessment of attainment across a wide range of genres and throughout the whole period rather than a narrow test on one day.
- Significant improvement in number of pupils making 3 levels progress in Mathematics - 32% improvement in last 5 years.
- Attendance is significantly high 97.2%

Going Concern

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

Key Performance Indicators

Most of the Academy's income is received from the Education Funding Agency [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 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 18. Details of all grants and income received can be found in notes 2 to 6.

During the period ended 31st August 2012 expenditure amounting to £668,000 was incurred or accrued, including depreciation. This was offset by grants receivable from the EFA, the Local Authority and income from the breakfast club, afterschool clubs and wrap around nursery education used to ensure this business is sustainable.

At 31st August 2012 the net book value of fixed assets was £307,000. The assets were used to exclusively to provide education and associated services to the students of the Academy.

Financial Review

The Academy made operating surpluses in the period February 1st to August 31st 2012 of £68,000 on unrestricted funds and £18,000 on restricted general funds, before adjusting for the Local Government Pension Scheme deficit of £165,000. Fund balances held at 31st August 2012 were £235,000, comprising restricted reserves of £167,000 and unrestricted reserves of £68,000.

Total income excluding the donated assets in the period was £657,000 of which £524,000 came from the EFA revenue grants and £37,000 from other government grants. As the majority of the grant income is generated by pupil numbers it is imperative to ensure that pupil numbers remain high, vacancies are filled and as the school is oversubscribed governors are able to consider a longer term strategy.

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Governors' Report (continued)

The governing Body of the Academy Trust have adopted the following policies relating to Finance and Governance during 2011-12:

- Scheme of Delegation
- Finance Handbook
- Articles of Association
- Funding Agreement
- Church Supplemental Agreement
- Investment Policy
- Travel Subsistence Policy

The Academy Trust reserves at present are being held to develop the outdoor area including the Early Years Foundation Stage [Ofsted Report 2012] KS1 and KS2 playgrounds, paths and school drive which need resurfacing.

Any investments to be made will be invested according to the investment policy.

Principal Risks and Uncertainties

The risk management plan continues to be developed and risks have been reviewed regularly. A capital bid for monies to resurface all playgrounds and car parks was unsuccessful. This will deteriorate over time and a longer term strategy to secure funds needs to be developed.

Given it is the first period as an Academy, the Business manager has worked closely with Evolution Accountants to ensure financial systems are secure. Following the resignation of the Academy Business Manager the Academy secured an accountant 2 days per week to support the school during this interim period until the recruitment process was completed. A new Academy Business Manager has been appointed from October 22nd who is a Chartered Accountant.

Strategies to develop leadership have been successful with the appointment 2011-12 of an Inclusion manager, an Assistant Headteacher and an Academy Business Manager. This developing leadership capacity is ensuring outcomes for pupils remain outstanding and the school's capacity to support improvement in other schools remains high.

Reserves Policy

The Governing Body is responsible for determining the level of financial reserves to be carried forward at the end of any financial period (31st August).

The Governing Body has delegated the monitoring of potential period end reserves to the Personnel Committee and Finance and Resource Management Committee as part of their terms of reference.

The Governing Body will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant [GAG] income and other grants.

The Governing Body will consider the improvement plan for capital developments required.

The Governing Body will always try to match income with expenditure in the current period and will only carry forward reserves that it considers are necessary for future periods expenditure.

The Governing Body may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years.

At the meeting of the Finance and Resource Management Committee on May 24th 2012 it was agreed that the Academy should aim to carry a prudent level of resources designed to meet long term cyclical need of renewal and any unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA.

During the year 2012-13 the Governing Body need to discuss and agree an amount that the Academy should have as a medium term target to build up a level of reserve [both restricted i.e. GAG, and unrestricted, suggested amount could be 2 months working capital].

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Governors' Report (continued)

The reserves policy will be reviewed annually.

Investment Policy

The Academy has an approved Investment Policy and if the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis, taking ethical considerations into account and need Governing Body approval.

The aim of this policy is to ensure that funds which the academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the school's income but without risk. Our aim is to spend the publicly funded monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The academy does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

Implementation

The school will construct such budgets and cash flow forecasts as are required by legislation to ensure the viability and sustainability of the activities of the academy. From time to time, operational and strategic decisions related to the education of students at Benedict Biscop Church of England Academy will result in substantial cash balances at the bank over a sustained period. These periods are identified by the Academy Business Manager as part of their normal forecasting activity and, when identified, will result in the academy making an investment in accordance with any guidance provided in the Academy's Financial Handbook.

Prior to investing funds the Headteacher and Finance and Resource Management Committee must be satisfied that the cash flow predictions provided by the Academy Business Manager are accurate and that the amount/time period of the investment will not compromise the viability and sustainability of the activities of the school.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to the "Risk that the return on investments is not being maximised" and "Risk that trustees are not acting in accordance with their Investment Policy (e.g. investing in high risk investments which are not in the best interests of the Academy)".

Principles

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Guidelines

Regular cash flows are to be prepared and monitored to ensure there are adequate funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only with Lloyds TSB who are the current banking providers for the school. The Academy Business Manager will seek approval from the Finance, Resource Management and Human Resource Committee [FRM] before investing such funds and will provide a statement on any monies invested to the FRM Committee at their regular half termly meetings. Periodically (at least every 3 months) the Business Manager will review the interest rates being achieved and will compare with other investment opportunities to ensure the investment funds are delivering value for money.

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Governors' Report (continued)

The Academy Business Manager shall take independent financial advice for any fixed term investment for a period longer than six months in line with the Articles of Association 5 (m) and (n), and observe any guidance in the Academies Financial Handbook. In addition these investments shall be restricted to ones that guaranteed return of capital rather than any equity based investment. All investments must be authorised by the Headteacher, Academy Business Manager and be approved by the Finance Committee.

Banks

If a bank or building society authorised by the Financial Services Authority (FSA) is unable to pay back deposits held with it, the Financial Services Compensation Scheme (FSCS) can pay 100% of the first £85,000 of an eligible depositors claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FSA.

Plans for Future Periods

The Academy Improvement Plan clearly states objectives to maintain the highest standards of achievement of all pupils whilst ensuring the school moves forward within a rapidly changing world.

- Raise standards of attainment and increase progress in English and Mathematics [English assessments are changing during this period and this may affect the targets] in all year groups to secure greater % Level 6 attainment. [New teaching strategies]
- Improve the quality of teaching and learning in all classes and setting with new class teachers in position across the whole school [3 Newly Qualified Teachers [NQT] and 2 graduate teachers [GTP]] to ensure outstanding outcomes for pupils. [Continuing Professional Development and coaching programme]
- Improve the quality of learning and resourcing in the Early Years Foundation Stage [EYFS] with particular reference to the development of the outdoor area [EYFS building project completed]
- Improve the consistency of curriculum provision mapping and planning to improve attainment, increase progress and instigate improvements in learning through the development of the outdoor [Forest School initiative]; through Information Technological improvements [iPads and Apple technology] and through a renewed focus on grammar, spelling and punctuation in preparation for the KS2 assessments in 2013 [improvements to curriculum]
- To develop systems and partnerships to secure improvements for greater numbers of pupils within and beyond our immediate school through developing Initial teacher training programme in conjunction with a provider [Strategic programme of development to ensure successful teachers trained to a high standard]

Auditor

In so far as the governors are aware:

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

Approved by order of the members of the Governing Body on 6/12/12 and signed on its behalf by:



Julie Mulvaney
Chair

Benedict Biscop Church of England Academy

Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, 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 Benedict Biscop Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met 3 times since conversion. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Julie Mulvaney [Chair]	1	3
Reverend Martin Anderson	3	3
Sharon Holden	3	3
Richard Simpson	3	3
Jenni Little	3	3
Reverend Stephanie Clark	3	3
Sue Burn	2	3
Angela Atkinson	2	2
Sarah Hepworth	2	3
Paula Tait	3	3
Paula Thompson	3	3
Mark Stouph	2	2
Reverend Jen Bradshaw [resigned 25.06.12]	2	3
Claire Latham [resigned 31.08.12]	2	3

2 vacancies have arisen since conversion following a resignation due to relocation and a further resignation due to retirement [both Board of Education Representatives].

The Finance and Resource Management Committee is a sub-committee of the main governing body. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure outstanding sustainable provision.

Since conversion Jacqueline Murray, an experienced Governor in another school, and Mark Stouph who is a Company Director and Barrister have joined the Governing Body and Finance and Resource Management Committee. In September 2012, John Farnsworth, who is a qualified Chartered Accountant, joined the Governing Body and Finance and Resource Management Committee. Victoria Leadley, a solicitor for Dickinson Dees also joined the Governing body in September 2012.

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Governance Statement (continued)

Governor	Meetings attended	Out of a possible
Richard Simpson [Chair]	3	3
Sharon Holden	3	3
Sarah Hepworth	3	3
Jacqueline Murray	3	3
Mark Stouph	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Benedict Biscop Church of England Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This is the first period of conversion and accounts refer to the period February 1st to 31st August 2012.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed [Reverend S. Clark], a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. There has been one full RO review within the period February 1st to August 31st 2012 and another undertaken in November 2012.

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Governance Statement (continued)


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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Management 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 Governing Body on 6/12/12 and signed on its behalf by:


.....
Julie Mulvaney
Chair


.....
Paula Thompson
Accounting Officer

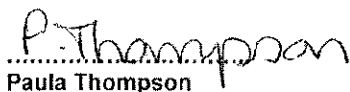
Benedict Biscop Church of England Academy

Statement on Regularity, Propriety and Compliance

As accounting officer of Benedict Biscop Church of England Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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


.....
Paula Thompson
Accounting Officer

6/12/12

Benedict Biscop Church of England Academy

Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities and are also directors of Benedict Biscop Church of England Academy for the purposes of Company Law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

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

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

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

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

In so far as the governors are aware:

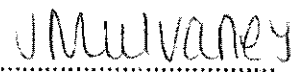
- there is no relevant audit information of which the academy's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by order of the members of the Governing Body on

6/12/12

and signed on its behalf by:



Julie Mulvaney
Chair

Benedict Biscop Church of England Academy

Independent Reporting Accountant's Assurance Report on Regularity to Benedict Biscop Church of England Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 30 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Benedict Biscop Church of England Academy during the period 1 February 2012 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Benedict Biscop Church of England Academy accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Benedict Biscop Church of England Academy funding agreement with the Secretary of State for Education dated 23 January 2012 and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 February 2012 to 31 August 2012 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 2011/12 issued by the 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 trust's income and expenditure.

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

Evolution Audit LLP

Evolution Audit LLP
Chartered Accountants

6/12/12

10 Evolution
Wynyard Park
Wynyard
TS22 5TB

Benedict Biscop Church of England Academy

Independent Auditor's Report to the Members of Benedict Biscop Church of England Academy

We have audited the financial statements of Benedict Biscop Church of England Academy for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Benedict Biscop Church of England Academy

Independent Auditor's Report to the Members of Benedict Biscop Church of England Academy

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Evolution Audit LLP

6/2/12

**Graham Fitzgerald BA FCA (Senior Statutory Auditor)
for and behalf of Evolution Audit LLP**

10 Evolution
Wynyard Park
Wynyard
TS22 5TB

**Chartered Accountants
Statutory Auditor**

Benedict Biscop Church of England Academy

**Statement of Financial Activities for the Period Ended 31 August 2012
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	3	2	-	-	2
Transfer on conversion	27	78	(127)	332	283
Activities for generating funds	4	33	-	-	33
Investment income	5	1	-	-	1
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	6	29	585	7	621
Total incoming resources		143	458	339	940
Resources expended					
<i>Cost of generating funds:</i>					
<i>Costs of generating voluntary income</i>					
Fundraising expenditure	8	41	-	-	41
<i>Charitable activities:</i>					
Academy's educational operations	9	34	532	36	602
Governance costs	10	-	25	-	25
Total resources expended		75	557	36	668
Net incoming/(outgoing) resources before transfers		68	(99)	303	272
Gross transfers between funds	17	-	(11)	11	-
Net income/(expenditure) for the period		68	(110)	314	272
Other recognised gains and losses					
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(37)	-	(37)
Net movement in funds		68	(147)	314	235
Reconciliation of funds					
Funds brought forward to 1 February 2012	17	-	-	-	-
Funds carried forward at 31 August 2012		68	(147)	314	235

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

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

Benedict Biscop Church of England Academy

Balance Sheet as at 31 August 2012

	Note	2012 £000	2012 £000
Fixed assets			
Tangible assets	14		307
Current assets			
Debtors	15	16	
Cash at bank and in hand		<u>137</u>	
		153	
Creditors: Amounts falling due within one period	16	<u>(60)</u>	
Net current assets			93
Total assets less current liabilities			<u>400</u>
Net assets excluding pension liability			
Pension scheme liability	26		(165)
Net assets including pension liability			<u>235</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund	17		314
General fund	17		18
Pension reserve	17		<u>(165)</u>
Total restricted funds			167
Unrestricted funds	17		68
Total funds			<u>235</u>

The financial statements on pages 18 to 39 were approved by the governors, and authorised for issue on*Julie*.....2012 and are signed on their behalf by:

Julie Mulvaney

Julie Mulvaney
Chair

Company Limited by Guarantee
Registration Number 07909140

Benedict Biscop Church of England Academy

Cash Flow Statement for the Period Ended 31 August 2012

	Note	2012 £000
Net cash inflow from operating activities	21	62
Returns on investments and servicing of finance	22	1
Capital expenditure	23	(4)
Cash transferred on conversion to an academy trust	27	78
Increase in cash in the period	24	<u>137</u>
Reconciliation of net cash flow to movement in net funds		-
Net funds at 31 August 2012		<u>137</u>

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

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

1 Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

• **Grants receivable**

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

• **Donations**

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

• **Other income**

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

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

1 Accounting Policies (continued)

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

Conversion to an Academy

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 Benedict Biscop Church of England Voluntary Aided Primary School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Benedict Biscop Church of England Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds. Fixed assets are included at the academy's best estimate of the market value at the date of conversion.

Further details of the transaction are set out in note 27.

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

1 Accounting Policies (continued)

Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful lives, as follows:

Property improvements	2.5% straight line
Fixtures, fittings and equipment	12.5%/20% straight line
ICT equipment	33% straight line

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

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

Fixtures, fittings, equipment and ICT equipment transferred to the academy on 1 February 2012 have been valued on the basis of the estimated net book value at that point in time. Land and buildings have not been transferred to the academy. The footprint of the school building is owned by the Diocese of Durham and occupied by the academy on a supplemental agreement with that body. The remaining land is owned by Sunderland City Council and leased to the academy for 125 years.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

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

1 Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

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

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

Benedict Biscop Church of England Academy

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

2 General Annual Grant (GAG)

a Results and carry forward for the year		2012
		£000
GAG brought forward from previous year		-
GAG allocation for current period		496
Total GAG available to spend		496
Recurrent expenditure from GAG	467	
Fixed assets purchased from GAG	11	(478)
GAG carried forward to next year		18
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)		(60)
GAG to surrender to DfE		(42)
(12% rule breached if result is positive)		no breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Other donations	2	-	2
	<u>2</u>	<u>-</u>	<u>2</u>

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Uniforms	2	-	2
Catering income	20	-	20
School trips	1	-	1
Other fundraising	10	-	10
	<u>33</u>	<u>-</u>	<u>33</u>

Benedict Biscop Church of England Academy

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

5 Investment Income

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

6 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
DfE/YPLA/EFA revenue grants			
General Annual Grant (GAG) (note 2)	-	496	496
Start Up Grants	-	25	25
Other DfE/YPLA/EFA grants	-	3	3
	<u>-</u>	<u>524</u>	<u>524</u>
Other Government grants			
Local authority grants	-	28	28
Capital grants	-	7	7
Special educational projects	-	9	9
	<u>-</u>	<u>44</u>	<u>44</u>
Other income	29	24	53
	<u>29</u>	<u>592</u>	<u>621</u>

7 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2012 £000
		Premises £000	Other Costs £000	
Costs of activities for generating funds Academy's educational operations	-	-	41	41
Direct costs	365	-	24	389
Allocated support costs	68	28	117	213
	<u>433</u>	<u>28</u>	<u>182</u>	<u>643</u>
Governance costs including allocated support costs	-	-	25	25
	<u>433</u>	<u>28</u>	<u>207</u>	<u>668</u>

Benedict Biscop Church of England Academy

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

7 Resources Expended (continued)

	2012 £000
Incoming/outgoing resources for the period include:	
Operating leases	-
Fees payable to auditor	
Audit	3
Other services	4
Profit/(loss) on disposal of fixed assets	-
	<u>7</u>

8 Fundraising Expenditure

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Uniforms	3	-	3
Catering expenditure	28	-	28
School trips	9	-	9
Other fundraising	1	-	1
	<u>41</u>	<u>-</u>	<u>41</u>

9 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Direct costs			
Teaching and educational support staff costs	20	345	365
Educational supplies	3	13	16
Staff development	2	3	5
Educational consultancy	-	2	2
Other direct costs	-	1	1
	25	364	389
Allocation supported costs			
Support staff costs	-	68	68
Depreciation	-	36	36
Recruitment and support	-	4	4
Maintenance of premises and equipment	-	14	14
Cleaning	-	7	7
Rates and water	-	4	4
Insurance	-	14	14
Security and transport	9	2	11
Business costs	-	4	4
IT costs	-	33	33
Light and heat	-	10	10
Other support costs	-	8	8
	9	204	213
	34	568	602

10 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Legal and professional fees	-	18	18
Auditor's remuneration			
• Audit of financial statements	-	3	3
• Responsible officer audit	-	2	2
• Accountancy, taxation and other services	-	2	2
	-	25	25

Benedict Biscop Church of England Academy

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

11 Staff Costs

	2012 £000
Staff costs during the period were:	
Wages and salaries	358
Social security costs	24
Pension costs	51
	<u>433</u>

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

	2012 Number	2012 Full-time equivalent
Charitable Activities		
Teaching	21	19
Administration and support	10	6
Management	3	3
	<u>34</u>	<u>28</u>

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

	2012 £000
£60,001 - £70,000	<u>1</u>
	<u>1</u>

The above employee participated in the Teacher's Pension Scheme. During the period ended 31 August 2012, pension contributions for this employee amounted to £5,560.

12 Governors' Remuneration and Expenses

Principal and staff governors (trustee governors) only received remuneration in respect of services they provided undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors.

The value of governors' remuneration during the period ended 31 August 2012 was as follows:

P Thompson, principal and trustee	£35k - £40k
P Tait, staff governor and trustee	£10k - £15k
S Hepworth, staff governor and trustee	£20k - £25k

During the period ended 31 August 2012, no expenses were reimbursed to governors.

Benedict Biscop Church of England Academy

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

13 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2012 was £636.

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

14 Tangible Fixed Assets

	Property Improvements £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
Transfer on conversion	-	268	64	332
Additions	4	4	3	11
At 31 August 2012	<u>4</u>	<u>272</u>	<u>67</u>	<u>343</u>
Depreciation				
Charged in period	-	23	13	36
At 31 August 2012	<u>-</u>	<u>23</u>	<u>13</u>	<u>36</u>
Net book values				
At 31 August 2012	<u>4</u>	<u>249</u>	<u>54</u>	<u>307</u>

15 Debtors

	2012 £000
Prepayments	4
Other debtors	<u>12</u>
	<u>16</u>

Benedict Biscop Church of England Academy

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

16 Creditors: amounts falling due within one period

	2012 £000
Trade creditors	8
Accruals and deferred income	<u>52</u>
	<u>60</u>
Deferred income	
	2012 £000
Resources deferred in the period	<u>34</u>
Deferred income at 31 August 2012	<u>34</u>

At the balance sheet date the academy trust was holding funds received in advance for special educational needs up to 31 March 2013 and for an educational visit taking place in the next school year.

Benedict Biscop Church of England Academy

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

17 Funds

	Balance at 1 February 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2012 £000
Restricted general funds					
General Annual Grant (GAG)	-	496	(467)	(11)	18
Start Up Grant	-	25	(25)	-	-
Other DfE/YPLA/EFA grants	-	3	(3)	-	-
Other government grants	-	37	(37)	-	-
Other income	-	24	(24)	-	-
	-	585	(556)	(11)	18
Pension reserve	-	(127)	(1)	(37)	(165)
	-	458	(557)	(48)	(147)
Restricted fixed asset funds					
Capital expenditure from GAG	-	-	-	11	11
Devolved capital grant	-	7	-	-	7
Transfer from Local Authority	-	332	(36)	-	296
	-	339	(36)	11	314
Total restricted funds	-	797	(593)	(37)	167
Unrestricted funds	-	143	(75)	-	68
Total funds	-	940	(668)	(37)	235

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

General Annual Grant must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

The gross transfer from the restricted general fund to the restricted fixed asset fund of £11,000 represents the total capital expenditure from the GAG during the period.

Devolved capital grant has been received for capital expenditure.

The Transfer from Local Authority reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds can be used for any purpose at the discretion of the academy.

Benedict Biscop Church of England Academy

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

18 Analysis of Net Assets between Funds

Fund balances at 31 August 2012 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	307	307
Current assets	68	78	7	153
Current liabilities	-	(60)	-	(60)
Pension scheme liability	-	(165)	-	(165)
Total net assets	<u>68</u>	<u>(147)</u>	<u>314</u>	<u>235</u>

19 Capital Commitments

	2012 £000
Contracted for, but not provided in the financial statements	<u>35</u>

20 Financial Commitments

Operating leases

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

	2012 £000
Other	
Expiring within two and five years inclusive	<u>5</u>
	<u>5</u>

21 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2012 £000
Net income	272
Transfer on conversion	(283)
Depreciation (note 14)	36
Interest receivable (note 5)	(1)
Capital grants from DfE/YPLA/EFA and other capital income (note 6)	(7)
FRS 17 pension finance charge (note 26)	1
(Increase)/decrease in debtors	(16)
Increase/(decrease) in creditors	60
Net cash inflow from operating activities	<u>62</u>

Benedict Biscop Church of England Academy

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

22 Returns on Investments and Servicing of Finance

	2012 £000
Interest received	1
Net cash inflow from returns on investment and servicing of finance	1

23 Capital Expenditure and Financial Investment

	2012 £000
Purchase of tangible fixed assets (note 14)	(11)
Capital grants from DfE/YPLA/EFA (note 6)	7
Net cash outflow from capital expenditure and financial investment	(4)

24 Analysis of Changes in Net Funds

	Cash flows £000	At 31 August 2012 £000
Cash in hand and at bank	137	137
	<u>137</u>	<u>137</u>

25 Members' Liability

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

26 Pension and Similar Obligations

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

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

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

Teachers' Pension Scheme

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

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

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

26 Pension and Similar Obligations (continued)

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

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

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

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

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

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

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

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

Benedict Biscop Church of England Academy

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

26 Pension and Similar Obligations (continued)

Local Government Pension Scheme

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2012 was £29,000, of which employer's contributions totalled £23,000 and employees' contributions totalled £6,000. The agreed contribution rates for future years are 14.4% for employers and 5.5% to 7.5% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2012	At 1 February 2012
Rate of increase in salaries	4.7%	4.8%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	4.2%	4.6%
Inflation assumption (CPI)	2.2%	2.3%
Commutation of pensions to lump sums		
• past service pension entitlements	50%	50%
• future service pension entitlements	75%	75%

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

	At 31 August 2012	At 1 February 2012
<i>Retiring today</i>		
Males	21.6	21.6
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	23.4	23.4
Females	25.7	25.7

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

26 Pension and Similar Obligations (continued)

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £000	Expected return at 1 February 2012	Fair value at 1 February 2012 £000
Equities	7.5%	169	7.8%	151
Government bonds	2.5%	18	2.8%	16
Corporate bonds	3.2%	31	3.8%	25
Property	7.0%	23	7.3%	20
Cash	1.3%	5	1.8%	4
Other	7.5%	10	7.8%	4
Total market value of assets		256		220
Present value of scheme liabilities				
• Funded		(421)		(347)
Surplus/(deficit) in the scheme		(165)		(127)

Benedict Biscop Church of England Academy employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the asset allocation for the fund at 31 August 2012.

The actual return on scheme assets was £7,000.

Amounts Recognised in the Statement of Financial Activities

	2012 £000
Current service cost (net of employee contributions)	23
Total operating charge	23
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	9
Interest on pension liabilities	(10)
Pension finance income / (costs)	(1)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £2,000 loss.

Benedict Biscop Church of England Academy

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

26 Pension and Similar Obligations (continued)

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

	2012 £000
At 1 February	347
Current service cost	23
Interest cost	10
Employee contributions	6
Actuarial (gain)/loss	35
At 31 August	421

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

	2012 £000
At 1 February	220
Expected return on assets	9
Actuarial gain/(loss)	(2)
Employer contributions	23
Employee contributions	6
At 31 August	256

The estimated value of employer contributions for the year ended 31 August 2013 is £41,000. In addition, Strain on Fund Contributions may be required.

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

	As at 31 August 2012 £000	As at 1 February 2012 £000
Present value of defined benefit obligations	421	347
Fair value of share of scheme assets	256	220
Deficit in the scheme	(165)	(127)
Experience adjustments on share of scheme assets	(2)	
Experience adjustments on scheme liabilities	-	

Benedict Biscop Church of England Academy

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

27 Conversion to an Academy Trust

On 1 February 2012 the Benedict Biscop Church of England Voluntary Aided Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Benedict Biscop Church of England Academy from Sunderland City Council for £nil consideration.

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
Other tangible fixed assets	-	-	332	332
Budget surplus / (deficit) on LA funds	33	-	-	33
Budget surplus / (deficit) on other school funds	45	-	-	45
LGPS pension surplus / (deficit)	-	(127)	-	(127)
Net assets / (liabilities)	<u>78</u>	<u>(127)</u>	<u>332</u>	<u>283</u>

The above net assets/liabilities include £78,000 that was transferred as cash.

