

**CAROLINE CHISHOLM SCHOOL**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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

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|                 |  |
|-----------------|--|
| <b>Members</b>  | Mr D Atkinson<br>Mrs C Sullivan (resigned 31 August 2014)<br>Mr S McKay (resigned 31 August 2014)<br>Mr P Quelch (appointed 1 September 2014)<br>Mrs L Browett (appointed 1 September 2014)  |
| <b>Trustees</b> | Mr D Atkinson, Chair of Trustees<br>Mrs C Sullivan (resigned 31 August 2014) <sup>1</sup><br>Mr S McKay <sup>1</sup><br>Mrs S Baldwin<br>Mrs M Batson (resigned 31 January 2014)<br>Mrs J Blaize, Staff Trustee (appointed 20 November 2013) <sup>1</sup><br>Ms N Blunt (resigned 30 November 2013)<br>Mrs L Browett (appointed 21 November 2013) <sup>1</sup><br>Mr S Brown (appointed 24 November 2013)<br>Mrs J Croasdale (appointed 6 December 2013)<br>Mr T Downing, Principal <sup>1</sup><br>Mrs R Fitzgerald (appointed 26 November 2013)<br>Mrs I Nyamatore (resigned 30 September 2014)<br>Dr C Rees <sup>1</sup><br>Mrs S Robson (appointed 26 November 2013)<br>Ms P Srinivasan (resigned 30 September 2014)<br>Mrs A Crawte, Staff Trustee (appointed 21 November 2013) <sup>1</sup><br>Mr S Kofi Addai<br>Mrs T Macrae (appointed 27 November 2013)<br>Mr P Quelch (appointed 23 November 2013)<br>Ms K Harle, Staff Trustee (appointed 27 November 2013)<br>Mr A Phillips, Staff Trustee (appointed 1 September 2013) |

<sup>1</sup> Members of the Finance and PFI Committee

|  |   |
|--|---|
| <b>Company registered number</b>       | 07638756  |
| <b>Principal and registered office</b> | Caroline Chisholm School<br>Wooldale Road<br>Wootton Fields<br>Northampton<br>NN4 6TP |

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

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**Administrative details (continued)**

**Company secretary** Mrs J Harnden

**Senior management team**

Mr T Downing, Principal  
Mr J Cowell, Vice Principal (resigned 31 August 2014)  
Mrs K Patterson, Vice Principal  
Miss S Rose, Vice Principal  
Mrs J Harnden, Director of Finance  
Mr A Colman, Assistant Principal  
Mrs K Towers, Assistant Principal  
Mr P Ashton, Assistant Principal  
Mr M Lopez, Assistant Principal  
Miss J Wright, Assistant Principal  
Mrs J Casswell, Assistant Principal  
Mr A Phillips, Assistant Principal  
Mrs A Crawte, Assistant Principal  
Ms T Fleming, Assistant Principal

**Independent auditor** MHA MacIntyre Hudson  
Chartered Accountants  
Statutory Auditors  
Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

**Bankers** Lloyds TSB  
2 George Row  
Northampton  
NN1 1DJ

**Solicitors** Winkworth Sherwood LLP  
Minerva House  
5 Montague Close  
London  
SE1 9BB

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**CAROLINE CHISHOLM SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report, under company law.

The trust operates an academy for pupils aged 4 to 19 serving a catchment area in Wootton, Wootton Fields, Grange Park, Quinton and Courteenhall. It has a pupil capacity of 2,002 and had a roll of 1,913 in the school census on 2 October 2014.

**Structure, governance and management**

**a. CONSTITUTION**

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

The trustees of Caroline Chisholm School are also the directors of the charitable company for the purposes of company law. Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

**b. MEMBERS' LIABILITY**

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

**c. TRUSTEES' INDEMNITIES**

Trustees benefit from indemnity insurance to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. The cost of this insurance in the year was £240.

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

The board of trustees is responsible for appointing community trustees and seeking sponsor trustees and for ensuring that parent trustees and staff trustees are elected by a secret ballot. Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. The board of trustees elect the chair and vice chair to serve for a period of three years but they are eligible for re-election at the meeting at which they retire. Trustees committees elect their own chairs.

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

All new trustees are invited to attend a 2 hour induction meeting with the chair and/or vice chair of the board of trustees. All new trustees are allocated a "buddy" who takes them on a tour of the school and accompanies them to the first full board of trustees meeting. All trustees receive an introductory information pack which includes a copy of the governors' guide to the law CD, the committee structure and committee terms of reference, the dates of meetings for the academic year, the school development plan and trustees' annual objectives and relevant minutes and accounts. Correspondence and minute/agenda circulation is via e-mail and all policies and minutes are posted on the school website. Hard copies of all documents are kept in the trustees' resource cupboard in the school. Trustees are strongly encouraged to attend 3 training events during each academic year.

**f. ORGANISATIONAL STRUCTURE**

The structure consists of the trustees, the leadership team and curriculum leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The senior management team officers are the principal, three vice principals and the director of finance. These officers control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the senior officers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the leadership team always contain a trustee. Some spending control is devolved to curriculum leaders, with limits above which a senior officer must countersign.

The leadership team includes the senior officers and 9 assistant principals. The leadership team are responsible for the day to day operation of the academy trust, in particular organising the teaching staff, curriculum timetables and students.

**g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Caroline Chisholm School continues to work closely with cluster primary schools to support the provision of education to the community of Wootton, Wootton Fields and Grange Park. As part of the Wooldale Centre for Learning the academy trust works in partnership with both PFI and other users on the site to promote and deliver community activities to adults and children. Caroline Chisholm School is one of 11 schools in the South West Area of Northamptonshire (SWAN); SWAN schools share good practice via effective networking.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the charitable company is the operation of Caroline Chisholm School to provide education for the benefit of the inhabitants of Wootton, Wootton Fields, Grange Park and the surrounding area; by establishing, maintaining and developing a school offering a broad and balanced curriculum. Caroline Chisholm School provides education for pupils of different abilities between the ages of 4 and 19 with an emphasis on business & enterprise.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

We want our young people to be responsible citizens in modern Britain, to engage positively in the global economy and to respect other cultures throughout the world. Learning should be an enjoyable, rewarding activity for all age groups. We encourage all our young people to participate in sport, performing arts, travel and outdoor learning. As young people grow, we prepare them for working life and family life, taking with them the virtues and values we have encouraged throughout their time at Caroline Chisholm School.

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**CAROLINE CHISHOLM SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Academy's main strategy is encompassed in its vision statement which is:

- Be a leading school for the 21st century, providing outstanding education for 4-19 year olds;
- Be a centre for learning for the whole community;
- Establish an ethos of kindness, tolerance and honesty;
- Prepare young people for the world of work and develop their understanding of business and enterprise in a global economy;
- Promote sport, the arts and lifelong learning for all.

The key objectives of Caroline Chisholm School during the period 1 September 2013 to 31 August 2014 are summarised below:

1. Plan new strategy for KS4 in order to sustain 2013 achievement. Make changes as necessary in 2013-14 and prepare for further changes in 2014-15;
2. Introduce the new pay policy and appraisal policy. Ensure that teaching staff understand the procedure for setting objectives and the impact on appraisal in 2014. Evaluate and improve the in-school CPD programme to enable staff to meet their objectives;
3. Prepare for the new national curriculum and continue our development work on numeracy, literacy and communication skills (including cross-phase initiatives);
4. Take further action to secure pace and challenge at KS3;
5. Plan for Post-16 curriculum changes in 2015;
6. Devise new initiatives to close the gender gap in students' progress and achievement;
7. Ensure the effective targeting of pupil premium funds and additional resources to secure further improvement in closing the gap for disadvantaged students and vulnerable groups;
8. Redesign our procedures for managing summer exam results, analysing outcomes, supporting students and offering advice and guidance;
9. Continue to develop best use of Mobile Technology to aid teaching and learning across all areas of the school. Implement new strategies to make best use of the technology;
10. Continue to improve the partnership between teachers and LSAs;
11. Complete scheduled building development work, including the opening of the new LRC;
12. Extend outdoor learning. Bring together a programme of existing and new outdoor initiatives which will support, extend and enrich the school's current curriculum provision for all learners.

**c. PUBLIC BENEFIT**

The trustees of the academy trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the academy trust's purpose for the Public Benefit includes provision of education to the local community of Wootton, Wootton Fields and Grange Park in Northampton and in partnership with the PFI provider offers recreational facilities to a variety of local community groups outside of school hours for the benefit of the general public. Community based projects are also undertaken throughout the year by staff and students.

## **Strategic report**

### **Achievements and performance**

#### **Primary Phase**

- 77% of children in the Foundation Stage achieved a Good Level of Development. Expected or Exceeding grades in all Prime and all Literacy and Mathematics is deemed Good Level of Development.
- Exceeded national levels in all areas in Key Stage 1
- Exceeded national levels in all Key Stage 2 tests

#### **GCSE**

- 97% of students achieved 5 A\* - G
- 79% of students achieved 5 A\* - C
- 71% of students achieved 5 A\* - C including English & Maths
- 21% of students achieved 5 or more A\*/ A Grades
- In Maths our results are 21% above the national level
- In English our results are 17 % above the national level

#### **A Level**

- Pass Rate 97%
- 47% A\* A B
- 73% A\* - C

#### **The Academy Trustees and the Leadership Team:**

- Monitors the quality of teaching and learning via the performance management process
- Undertakes a rigorous review of attainment using RAISEONLINE, Fischer Family Trust Data and A-Level Performance System (ALPS) to measure pupil progress.

#### **a. KEY FINANCIAL PERFORMANCE INDICATORS**

The academy trust uses key financial performance indicators to monitor financial success of the academy trust and progress/improvement against the targets set. These include:

- Staffing costs are monitored as a percentage of total income. For the year ended 31 August 2014 staffing costs amounted to 79% of total income (target 80%) (72% against target 74% for period ending 31 August 13).
- PFI costs are monitored as a percentage of total income. For the period ended 31 August 2014 PFI costs amounted to 10% of total income (target 11%) (9.5% against target 11% for period ending 31 August 2013).

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

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The academy trust also uses a number of non-financial key performance indicators to monitor its performance. These include:

- Key stage performance targets
- Student attendance rates – for the academic year ended 31 August 2014 student attendance was 96% (95.3% for the period ending 31 August 2013).
- Staff turnover – for the academic year ended 31 August 2014 teaching staff turnover was 10% (7%) and support staff 17% (25%).

**b. GOING CONCERN**

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

**Financial review**

Most of the academy trust's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Funding Agency (EFA), the use of which is restricted to particular purposes. The grants received from the DfE during the period ending 31 August 2014 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The academy trust also received grants for fixed assets from the EFA. In accordance with the charities statement of recommended practice, 'Accounting and Reporting Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Expenditure to support the key objectives of the academy trust is specifically allocated as part of the annual financial planning process.

At 31 August 2014 the total funds comprised:

|                               |                           |
|-------------------------------|---------------------------|
| Unrestricted                  | 59,517                    |
| Restricted: Fixed asset funds | 33,207,658                |
| GAG                           | 1,189,591                 |
| Pension reserve               | <u>(1,285,000)</u>        |
|                               | <b><u>£33,171,766</u></b> |

**a. RESERVES POLICY**

The trustees review the reserve levels of Caroline Chisholm School annually. The review considers the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

Unrestricted funds are for use on the general purposes of the academy trust, at the discretion of the trustees.

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

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Restricted funds will be spent in accordance with the terms of the particular funds. Demands on the academy trust's restricted income funds will vary over the coming years. The academy trust's policy is that the appropriate level of restricted reserves should be at least £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and grant receipts and to provide a cushion to deal with unexpected operational expenses. In 2014/15 there is a need to maintain a reserve of £855,000 (£500,000 + £355,000) to address the key objectives of the school improvement plan including £50,000 on IT Development and £50,000 - £100,000 on teaching spaces and circulation areas within the school.

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 20. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

**b. INVESTMENT POLICY**

The academy trust's investment policy is to invest surplus cash balances with high street banks. Investment returns are market tested periodically to ensure that the returns are maximised whilst safeguarding the funds invested.

**c. PRINCIPAL RISKS AND UNCERTAINTIES**

The academy trust development planning process takes account of social and economic factors that may impact on the academy trust's ability to achieve its objectives. The planning process results in the production of The School Development Plan which is costed and informs current and future years financial planning.

**Financial Risk**

- **DfE and EFA legislation**  
The Academy will keep abreast of any changes brought about by legislation and plan to incorporate them within the financial plan.
- **Potential funding cuts in future years**  
Financial planning incorporates flexibilities and scenario planning to reflect varying funding outcomes which may, amongst others, be determined by:
  - Changes to the funding rate for the Education Services Grant;
  - Special Educational Needs (SEN) funding changes; and
  - National funding formula.

The Academy will continue to set a balanced budget based on EFA funding, generated income and agreed efficiencies.

- **Potential claw backs of GAG or other grants**  
The Academy is aware of the current criteria for potential claw back (GAG carry forward of > 12%) which is detailed in clause 78 of our Funding Agreement. Our 5 year financial plan indicates that we will not exceed the 12% GAG carry forward limit.
- **Changing demographics in catchment area**  
The Academy will review its Admissions Policy annually as required by the Code and review the Published Admission Number (PAN) if there is demographic change.

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

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- **LGPS deficit**  
Financial plans consider fluctuations in the employer contributions that maybe required addressing the deficit long term. Actual changes to employer contributions may be made in response to the outcome of an actuarial valuation of the scheme.

**PFI Risk**

- The Academy is represented as part of the special purpose vehicle (SPV) which meets monthly to monitor contract operation. The Academy may invoke penalty clauses should poor performance by the PFI contractor become a limiting factor to effective teaching and learning.
- Planned PFI related revenue expenditure incorporates appropriate indexation in line with contract parameters.
- PFI capital expenditure planning incorporates provision for associated increases in future lifecycle and maintenance revenue costs.

**Reputational risk**

- Trustees and school leaders, through the committee structure, identify key legal and regulatory requirements and implement appropriate compliance and monitoring reporting.
- Academy Trustees and Leadership team review and agree internal compliance procedures, allocating key staff to key areas of regulatory responsibility.

**Performance Risk**

- The Academy measures performance against internal and National targets. Responsibility for achieving these targets is shared by all staff via the School Improvement Plan and the annual performance management cycle.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

Caroline Chisholm School will continue to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its students are secure in their next steps on leaving the academy trust with regard to employment or continuing in training or formal education. Additional resources in the form of Pupil Premium funding will continue to be targeted towards closing the gap for disadvantaged students and vulnerable groups.

Caroline Chisholm School strives to be at the forefront of innovation in education and trustees and senior leaders will continue to evaluate and review the curriculum to ensure that it reflects and meets the changing needs of our pupils.

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

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Amongst the key objectives for 2014/15 will be a cross curricular project to devise new initiatives that will close the gender gap in students' progress and achievement.

We are looking forward to developing the Student Voice initiative across the whole age range to secure student involvement in decision making and planning in school.

September 2014 will see the introduction of Universal Infant Free School Meals. This is a national Government initiative which we will be working alongside our PFI partners to deliver to all children in Foundation Stage and Key Stage 1.

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**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

**AUDITOR**

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2014 and signed on the board's behalf by:

Mr D Atkinson  
**Chair of Trustees**

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**CAROLINE CHISHOLM SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Caroline Chisholm 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 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 Caroline Chisholm 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' report and in the Trustees' responsibilities statement. The board of trustees has formally met 5 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 |
|---|-------------------|-------------------|
| Mr D Atkinson, Chair of Trustees        | 5                 | 5                 |
| Mrs C Sullivan                          | 4                 | 5                 |
| Mr S McKay                              | 3                 | 5                 |
| Mrs S Baldwin                           | 5                 | 5                 |
| Mrs M Batson (resigned 31 January 2014) | 2                 | 2                 |
| Mrs J Blaize, Staff Trustee             | 5                 | 5                 |
| Ms N Blunt (resigned 30 November 2013)  | 0                 | 1                 |
| Mrs L Browett                           | 3                 | 5                 |
| Mr S Brown                              | 2                 | 5                 |
| Mrs J Croasdale                         | 3                 | 5                 |
| Mr T Downing, Principal                 | 5                 | 5                 |
| Mrs R Fitzgerald                        | 4                 | 5                 |
| Mrs I Nyamatore                         | 3                 | 5                 |
| Dr C Rees                               | 2                 | 5                 |
| Mrs S Robson                            | 5                 | 5                 |
| Ms P Srinivasan                         | 2                 | 5                 |
| Mrs A Crawte, Staff Trustee             | 3                 | 5                 |
| Mr S Kofi Addai                         | 1                 | 5                 |
| Mrs T Macrae                            | 4                 | 5                 |
| Mr P Quelch                             | 5                 | 5                 |
| Ms K Harle, Staff Trustee               | 2                 | 5                 |
| Mr A Phillips, Staff Trustee            | 4                 | 5                 |

**Governance reviews:**

During the year from 1 September 2013 to 31 August 2014 the membership of the board of trustees was faced with several challenges caused by a number of resignations and by low attendance on the part of several trustees (as the above chart indicates). A number of trustees were unable to attend meetings due to changing work and family commitments.

However, the membership of the Finance and PFI Committee remained constant although attendance by some members was low. This led to the Chair of the Committee standing down at the end of the year to be replaced by Mrs Linda Browett.

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**GOVERNANCE STATEMENT (continued)**

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The problems experienced by inconsistent attendances focussed on communication, decision making and monitoring. These issues were dealt with by:

- regular e-mail or telephone contact between the Chair and/or the Director of Finance and Committee members;
- regular monitoring meetings between the Director of Finance and at least two members of the Committee;
- feedback to the Committee from the above actions;
- Attendance at the Committee by the Principal and the Director of Finance;
- Reports by the Chair at the 5 Full Trustees Meeting during the year;
- Presentation of monthly reports via e-mail to all Committee Members from the Director of Finance;
- Presentation of the Draft Budget by the Principal and the Director of Finance for discussion and approval;
- Presentation of the Audit Report for the Financial Year ended 31st August by the Auditors.
- An agreed Action Plan arising from the Audit Report;
- The meeting of Committee Chairs, 3 times a year enable the Learning, Staff, Students, Pay and Admissions Committees to raise any strategic financial issues and questions that need to be addressed by the Finance and PFI Committee or the full Board.

The board of trustees undertakes an annual, internal competence check and this is followed by an action plan. There is also a skills audit carried out from time to time to ensure there is the correct skills mix within the board. This action usually coincides with the recruitment of new trustees and enable any skills deficit to be addressed.

The Finance and PFI Committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the trustees' responsibility to ensure sound management of the academy trust's finances and resources, including proper planning, monitoring and probity.

The Finance and PFI committee incorporates the duties of an audit committee within its terms of reference.

Attendance at meetings in the year was as follows:

| Trustee                      | Meetings attended | Out of a possible |
|------------------------------|-------------------|-------------------|
| Mrs J Blaize, Staff Trustee  | 3                 | 4                 |
| Mrs L Browett                | 4                 | 4                 |
| Mrs A Crawte, Staff Trustee  | 2                 | 4                 |
| Mr T Downing, Principal      | 4                 | 4                 |
| Mr S McKay                   | 2                 | 4                 |
| Mr A Phillips, Staff Trustee | 2                 | 4                 |
| Dr C Rees                    | 1                 | 4                 |
| Mrs C Sullivan               | 3                 | 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 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 Caroline Chisholm School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

The board of trustees 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 board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2013 to 31 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 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 board of trustees;
- regular reviews by the Finance and PFI Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a semi-annual basis, the auditor 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.

**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Principal 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 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 PFI 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 10 December 2014 and signed on its behalf, by:

Mr D Atkinson  
**Chair of Trustees**

Mr T Downing  
**Accounting Officer**

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Caroline Chisholm School I have considered my responsibility to notify the academy trust 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 trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy trust board of trustees 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 (2013).

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

Mr T Downing, Principal  
**Accounting Officer**

Date: 10/12/14

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The trustees (who act as governors of Caroline Chisholm 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 10 December 2014 and signed on its behalf by:

**Mr D Atkinson**  
**Chair of Trustees**

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF CAROLINE CHISHOLM SCHOOL**

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We have audited the financial statements of Caroline Chisholm School for the year ended 31 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 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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees' responsibilities statement set out on page 16, the trustees (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 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 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 trust's affairs as at 31 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.

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF CAROLINE CHISHOLM SCHOOL**

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**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.

Elaine Olson-Williams FCCA (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB  
Date:

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CAROLINE CHISHOLM SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 22 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 Caroline Chisholm School during the year 1 September 2013 to 31 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 Caroline Chisholm School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Caroline Chisholm 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 Caroline Chisholm School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CAROLINE CHISHOLM SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Caroline Chisholm School's funding agreement with the Secretary of State for Education dated 1 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 1 September 2013 to 31 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 trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- reviewing the minutes of the meetings of the board of trustees and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;

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**CAROLINE CHISHOLM SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CAROLINE CHISHOLM SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- making appropriate enquiries of the Accounting Officer.

**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 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Date:

**CAROLINE CHISHOLM 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 31 AUGUST 2014**

|   | Note | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Restricted<br>fixed asset<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| <b>INCOMING RESOURCES</b>                                   |      |                                    |                                  |   |                             |                             |
| Incoming resources from generated funds:                    |      |                                    |                                  |   |                             |                             |
| Voluntary income  | 3    | 19,231                             | 3,318                            | -   | 22,549                      | 8,870                       |
| Activities for generating funds                             | 4    | -                                  | 385,203                          | -   | 385,203                     | 405,466                     |
| Investment income   | 5    | 17,716                             | -                                | -   | 17,716                      | 19,017                      |
| Incoming resources from charitable activities               | 6    | -                                  | 8,884,288                        | 35,236  | 8,919,524                   | 8,846,511                   |
| <b>TOTAL INCOMING RESOURCES</b>                             |      | <b>36,947</b>                      | <b>9,272,809</b>                 | <b>35,236</b>                                   | <b>9,344,992</b>            | <b>9,279,864</b>            |
| <b>RESOURCES EXPENDED</b>                                   |      |                                    |                                  |   |                             |                             |
| Costs of generating funds:                                  |      |                                    |                                  |   |                             |                             |
| Costs of generating voluntary income                        |      | 12,029                             | 4,577                            | -   | 16,606                      | 5,274                       |
| Costs of activities for generating funds                    |      | 2,721                              | 379,522                          | -   | 382,243                     | -                           |
| Charitable activities                                       | 8    | -                                  | 8,584,786                        | 701,504   | 9,286,290                   | 9,537,314                   |
| Governance costs  | 9    | -                                  | 71,935                           | -   | 71,935                      | 86,881                      |
| <b>TOTAL RESOURCES EXPENDED</b>                             | 7    | <b>14,750</b>                      | <b>9,040,820</b>                 | <b>701,504</b>                                  | <b>9,757,074</b>            | <b>9,629,469</b>            |
| <b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b> |      | <b>22,197</b>                      | <b>231,989</b>                   | <b>(666,268)</b>                                | <b>(412,082)</b>            | <b>(349,605)</b>            |

**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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

|   | Note | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Restricted<br>fixed asset<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Transfers between Funds                                       | 17   | -                                  | (30,563)                         | 30,563  | -                           | -                           |
| <b>NET EXPENDITURE FOR THE YEAR</b>                           |      | <b>22,197</b>                      | <b>201,426</b>                   | <b>(635,705)</b>                                | <b>(412,082)</b>            | <b>(349,605)</b>            |
| Actuarial gains and losses on defined benefit pension schemes |      | -                                  | (625,000)                        | -   | (625,000)                   | 31,000                      |
| <b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>                     |      | <b>22,197</b>                      | <b>(423,574)</b>                 | <b>(635,705)</b>                                | <b>(1,037,082)</b>          | <b>(318,605)</b>            |
| Total funds at 1 September 2013                               |      | 37,320                             | 328,165                          | 33,843,363                                      | 34,208,848                  | 34,527,453                  |
| <b>TOTAL FUNDS AT 31 AUGUST 2014</b>                          |      | <b>59,517</b>                      | <b>(95,409)</b>                  | <b>33,207,658</b>                               | <b>33,171,766</b>           | <b>34,208,848</b>           |

All activities relate to continuing operations.

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

The notes on pages 25 to 44 form part of these financial statements.

**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07638756**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

|   | Note | £                  | 2014<br>£          | £          | 2013<br>£  |
|---|------|--------------------|--------------------|------------|------------|
| <b>FIXED ASSETS</b>                                   |      |                    |                    |            |            |
| Tangible assets                                       | 14   |                    | <b>33,207,658</b>  |            | 33,743,364 |
| <b>CURRENT ASSETS</b>                                 |      |                    |                    |            |            |
| Debtors   | 15   | <b>69,737</b>      |                    | 225,989    |            |
| Cash at bank and in hand                              |      | <b>1,639,586</b>   |                    | 1,369,842  |            |
|   |      |                    | <b>1,709,323</b>   |            | 1,595,831  |
| <b>CREDITORS:</b> amounts falling due within one year | 16   | <b>(460,215)</b>   |                    | (544,347)  |            |
| <b>NET CURRENT ASSETS</b>                             |      |                    | <b>1,249,108</b>   |            | 1,051,484  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |                    |                    |            |            |
| Defined benefit pension scheme liability              | 20   |                    | <b>(1,285,000)</b> |            | (586,000)  |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>  |      |                    | <b>33,171,766</b>  |            | 34,208,848 |
| <b>FUNDS OF THE ACADEMY</b>                           |      |                    |                    |            |            |
| Restricted funds:                                     |      |                    |                    |            |            |
| Restricted funds                                      | 17   | <b>1,189,591</b>   |                    | 914,165    |            |
| Restricted fixed asset funds                          | 17   | <b>33,207,658</b>  |                    | 33,843,363 |            |
| Restricted funds excluding pension liability          |      |                    | <b>34,397,249</b>  |            | 34,757,528 |
| Pension reserve                                       |      | <b>(1,285,000)</b> |                    | (586,000)  |            |
| Total restricted funds                                |      |                    | <b>33,112,249</b>  |            | 34,171,528 |
| Unrestricted funds                                    | 17   |                    | <b>59,517</b>      |            | 37,320     |
| <b>TOTAL FUNDS</b>                                    |      |                    | <b>33,171,766</b>  |            | 34,208,848 |

The financial statements were approved by the trustees, and authorised for issue, on 10 December 2014 and are signed on their behalf, by:

Mr D Atkinson  
**Chair of Trustees**

The notes on pages 25 to 44 form part of these financial statements.

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**CAROLINE CHISHOLM SCHOOL**  
**(A company limited by guarantee)**

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

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|   | <b>Note</b> | <b>2014</b><br><b>£</b> | <b>2013</b><br><b>£</b> |
|---|-------------|-------------------------|-------------------------|
| Net cash flow from operating activities         | 22          | <b>417,826</b>          | 254,800                 |
| Returns on investments and servicing of finance | 23          | <b>17,716</b>           | 19,017                  |
| Capital expenditure and financial investment    | 23          | <b>(165,798)</b>        | (44,397)                |
| <b>INCREASE IN CASH IN THE YEAR</b>             |             | <b>269,744</b>          | <b>229,420</b>          |

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

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|  |    | <b>2014</b><br><b>£</b> | <b>2013</b><br><b>£</b> |
|--|----|-------------------------|-------------------------|
| Increase in cash in the year             |    | <b>269,744</b>          | 229,420                 |
| <b>MOVEMENT IN NET FUNDS IN THE YEAR</b> |    | <b>269,744</b>          | 229,420                 |
| Net funds at 1 September 2013            |    | <b>1,369,842</b>        | 1,140,422               |
| <b>NET FUNDS AT 31 AUGUST 2014</b>       | 24 | <b>1,639,586</b>        | <b>1,369,842</b>        |

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The notes on pages 25 to 44 form part of these financial statements.

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

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 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 trust 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.

**1.3 Incoming resources**

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

**Grants receivable**

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

General Annual Grant 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.

**Donated services and gifts in kind**

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

**Donations**

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

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

**Costs of generating funds**

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

**Charitable activities**

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

**Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

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

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

The policy with respect to impairment reviews of fixed assets is carried out if events or changes in the 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:

|                       |   |  |
|-----------------------|---|--|
| Leasehold property    | - | 2% straight line (Buildings) / 0.8% straight line (Leasehold land) |
| Motor vehicles        | - | 25% straight line  |
| Fixtures and fittings | - | 10% straight line  |
| Computer equipment    | - | 25% straight line  |
| Software              | - | 20% straight line  |

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.7 Taxation**

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

**1.8 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.9 PFI Contract**

The buildings used by the Academy were constructed under a Private Finance Initiative (PFI) Contract between Northamptonshire Local Authority and a Private Contractor. The project was completed prior to the School's conversion to Academy status. On conversion, the Academy has entered into a Schools Agreement with the Local Authority which transfers the Local Authority's main obligations under the PFI Contract to the Academy. The PFI Contract is due to end in 2029.

PFI contract payments

The Academy is responsible for the revenue costs of maintaining the facilities. The payments made to the Local Authority in respect of the PFI Contract unitary charge relating to these revenue costs are therefore expensed to the Statement of Financial Activities in the period to which they relate.

Land and buildings

The land and buildings are leased to the Academy by the Local Authority on a long (125 year) lease. As the Academy takes on the risks and rewards associated with the land and buildings, including the long-term maintenance of the property once the PFI Contract has ended, the land and buildings are capitalised as fixed assets on the Academy's balance sheet at valuation using the depreciated replacement cost basis. These assets are then depreciated over the lesser of their useful economic life and the lease period.

Other assets

Other assets under the PFI Contract (for example, equipment and fixtures & fittings provided as part of the PFI Contract facilities) transfer to the Local Authority at the end of the Contract and then to the Academy under the Schools Agreement. The basis of the contract agreement is that at the point of transfer, the assets will be "as new."

The Governors have considered the risks and rewards associated with these other assets, and believe that the Academy does not take on any significant risks in respect of these assets during the PFI Contract term. It has therefore adopted a policy not to record these as assets in its balance sheet until the replacement assets are transferred to it by the Local Authority at the end of the PFI Contract.

**1.10 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

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**2. GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2014.

**3. VOLUNTARY INCOME**

|           | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|-----------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 19,231                             | 3,318                            | 22,549                      | 8,870                       |

**4. ACTIVITIES FOR GENERATING FUNDS**

|                                 | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Music, books and exam recharges | -                                  | 104,693                          | 104,693                     | 121,214                     |
| Parental contribution           | -                                  | 244,013                          | 244,013                     | 277,436                     |
| Lettings income                 | -                                  | 7,900                            | 7,900                       | 1,200                       |
| School fund                     | -                                  | -                                | -                           | 1,923                       |
| Other income                    | -                                  | 28,597                           | 28,597                      | 3,693                       |
|                                 | -                                  | 385,203                          | 385,203                     | 405,466                     |

**5. INVESTMENT INCOME**

|                          | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest receivable | 17,716                             | -                                | 17,716                      | 19,017                      |

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

|                                | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>DfE/EFA revenue grants</b>  |                                    |                                  |                             |                             |
| General annual grant (GAG)     | -                                  | 8,554,319                        | 8,554,319                   | 8,100,025                   |
| Other DfE/EFA grants           | -                                  | -                                | -                           | 54,705                      |
| Pupil premium                  | -                                  | 92,343                           | 92,343                      | 100,283                     |
|                                | -                                  | 8,646,662                        | 8,646,662                   | 8,255,013                   |
| <b>Other government grants</b> |                                    |                                  |                             |                             |
| Capital grants                 | -                                  | 35,236                           | 35,236                      | 200,000                     |
| Other government grants        | -                                  | 9,525                            | 9,525                       | 21,659                      |
| Local authority grants         | -                                  | 228,101                          | 228,101                     | 369,839                     |
|                                | -                                  | 272,862                          | 272,862                     | 591,498                     |
| <b>Other funding</b>           |                                    |                                  |                             |                             |
|                                | -                                  | -                                | -                           | -                           |
|                                | -                                  | 8,919,524                        | 8,919,524                   | 8,846,511                   |

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**7. RESOURCES EXPENDED**

|  | Staff costs      | Non Pay<br>Expenditure<br>Other costs | Total            | Total            |
|--|------------------|---------------------------------------|------------------|------------------|
|  | 2014             | 2014                                  | 2014             | 2013             |
|  | £                | £                                     | £                | £                |
| Costs of generating voluntary income     | -                | 16,606                                | 16,606           | 5,274            |
| Costs of activities for generating funds | 34,841           | 347,402                               | 382,243          | -                |
| <b>Costs of generating funds</b>         | <b>34,841</b>    | <b>364,008</b>                        | <b>398,849</b>   | <b>5,274</b>     |
| Direct costs                             | 6,371,868        | 413,916                               | 6,785,784        | 6,864,246        |
| Support costs                            | 600,326          | 1,900,180                             | 2,500,506        | 2,673,068        |
| <b>Charitable activities</b>             | <b>6,972,194</b> | <b>2,314,096</b>                      | <b>9,286,290</b> | <b>9,537,314</b> |
| <b>Governance</b>                        | <b>-</b>         | <b>71,935</b>                         | <b>71,935</b>    | <b>86,881</b>    |
|  | <b>7,007,035</b> | <b>2,750,039</b>                      | <b>9,757,074</b> | <b>9,629,469</b> |

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**8. CHARITABLE ACTIVITIES**

|   | <b>Total<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2013<br/>£</b> |
|---|---------------------------------------|---------------------------------------|
| <b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>  |                                       |                                       |
| Wages and salaries                            | 5,309,365                             | 5,154,888                             |
| National insurance                            | 331,238                               | 335,348                               |
| Pension cost                                  | 731,265                               | 680,039                               |
| Educational supplies                          | 246,086                               | 193,738                               |
| Staff development                             | 33,304                                | 42,333                                |
| Examination fees                              | 134,526                               | 134,030                               |
| Other costs                                   | -                                     | 323,870                               |
|   | <b>6,785,784</b>                      | <b>6,864,246</b>                      |
| <b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b> |                                       |                                       |
| Wages and salaries                            | 443,167                               | 468,513                               |
| National insurance                            | 19,778                                | 23,025                                |
| Pension cost                                  | 137,381                               | 123,091                               |
| Depreciation                                  | 701,504                               | 683,213                               |
| FRS 17 pension cost                           | 10,000                                | 16,000                                |
| Recruitment costs                             | 27,778                                | 15,975                                |
| Insurance                                     | 44,247                                | 38,789                                |
| Maintenance of premises and equipment         | 141,249                               | 155,054                               |
| Rent and rates                                | 57,072                                | 50,523                                |
| Security and transport                        | -                                     | 115                                   |
| Catering                                      | 32,636                                | 34,749                                |
| Office overheads                              | 778,372                               | 856,664                               |
| Legal and professional fees                   | 73,181                                | 116,627                               |
| Bank charges                                  | -                                     | 64                                    |
| Other costs                                   | 34,141                                | 90,666                                |
|   | <b>2,500,506</b>                      | <b>2,673,068</b>                      |
|   | <b>9,286,290</b>                      | <b>9,537,314</b>                      |

**9. GOVERNANCE COSTS**

|                                | <b>Unrestricted<br/>funds<br/>2014<br/>£</b> | <b>Restricted<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2014<br/>£</b> | <b>Total<br/>funds<br/>2013<br/>£</b> |
|--------------------------------|--|--|---------------------------------------|---------------------------------------|
| Audit fee and accountancy fees | -  | 15,614                                     | 15,614                                | 18,130                                |
| Legal and professional fees    | -  | 56,321                                     | 56,321                                | 68,751                                |
|                                | <b>-</b>                                     | <b>71,935</b>                              | <b>71,935</b>                         | <b>86,881</b>                         |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

|  | <b>2014</b>              | 2013                     |
|--|--------------------------|--------------------------|
|  | £                        | £                        |
| Depreciation of tangible fixed assets: |                          |                          |
| - owned by the charity                 | <b>701,504</b>           | 683,214                  |
| Auditor's remuneration                 | <b>8,400</b>             | 8,400                    |
| Auditor's remuneration - non-audit     | <b>7,214</b>             | 9,730                    |
| Operating leases - other               | <b>13,563</b>            | 13,653                   |
| Operating leases - PFI Contract        | <b>605,200</b>           | 593,167                  |
|  | <u><u>          </u></u> | <u><u>          </u></u> |

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

|                               | <b>2014</b>             | 2013                    |
|-------------------------------|-------------------------|-------------------------|
|                               | £                       | £                       |
| Wages and salaries            | <b>5,748,507</b>        | 5,579,507               |
| Social security costs         | <b>351,016</b>          | 358,373                 |
| Other pension costs (Note 20) | <b>868,646</b>          | 803,130                 |
|                               | <u><u>6,968,169</u></u> | <u><u>6,741,010</u></u> |
| Supply teacher costs          | <b>38,866</b>           | 43,894                  |
|                               | <u><u>7,007,035</u></u> | <u><u>6,784,904</u></u> |

**b. Staff numbers**

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

|                            | <b>2014</b>       | 2013              |
|----------------------------|-------------------|-------------------|
|                            | No.               | No.               |
| Teachers                   | <b>98</b>         | 113               |
| Administration and support | <b>78</b>         | 77                |
| Management                 | <b>13</b>         | 13                |
|                            | <u><u>189</u></u> | <u><u>203</u></u> |

NOTES TO THE FINANCIAL STATEMENTS  
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11. STAFF (continued)

c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 fell within the following bands:

|                                 | 2014<br>No. | 2013<br>No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000   | 3           | 3           |
| In the band £100,001 - £110,000 | 0           | 1           |
| In the band £110,001 - £120,000 | 1           | 0           |
|                                 | <u>4</u>    | <u>4</u>    |

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £45,037 (2013 - £43,611).

12. 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 trust in respect of their role as trustees. The value of trustees' remuneration, being gross salary plus employer pension contributions, fell within the following bands:

|             | 2014<br>£'000 | 2013<br>£'000 |
|-------------|---------------|---------------|
| Headteacher | 130-135       | 120-125       |
| Trustee 1   | 30-35         | 25-30         |
| Trustee 2   | -             | 25-30         |
| Trustee 3   | 55-60         | 45-50         |
| Trustee 4   | 35-40         | -             |
| Trustee 5   | 55-60         | -             |

During the year ended 31 August 2014, expenses totalling £55 (2013: £nil) were reimbursed to one trustee.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,250,000 on any one claim and the cost for the year ended 31 August 2014 was £240 (2013 - £240). The cost of this insurance is included in the total insurance cost.

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**14. TANGIBLE FIXED ASSETS**

|                       | Leasehold<br>Property<br>£ | Motor<br>vehicles<br>£ | Fixtures<br>and fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£        |
|-----------------------|----------------------------|------------------------|-------------------------------|----------------------------|-------------------|
| <b>Cost</b>           |                            |                        |                               |                            |                   |
| At 1 September 2013   | 35,017,428                 | 5,250                  | 29,814                        | 128,659                    | 35,181,151        |
| Additions             | 55,778                     | -                      | 38,511                        | 71,509                     | 165,798           |
| At 31 August 2014     | <u>35,073,206</u>          | <u>5,250</u>           | <u>68,325</u>                 | <u>200,168</u>             | <u>35,346,949</u> |
| <b>Depreciation</b>   |                            |                        |                               |                            |                   |
| At 1 September 2013   | 1,361,477                  | 3,937                  | 6,029                         | 66,344                     | 1,437,787         |
| Charge for the year   | 658,900                    | 1,313                  | 6,062                         | 35,229                     | 701,504           |
| At 31 August 2014     | <u>2,020,377</u>           | <u>5,250</u>           | <u>12,091</u>                 | <u>101,573</u>             | <u>2,139,291</u>  |
| <b>Net book value</b> |                            |                        |                               |                            |                   |
| At 31 August 2014     | <u>33,052,829</u>          | <u>-</u>               | <u>56,234</u>                 | <u>98,595</u>              | <u>33,207,658</u> |
| At 31 August 2013     | <u>33,655,951</u>          | <u>1,313</u>           | <u>23,785</u>                 | <u>62,315</u>              | <u>33,743,364</u> |

**15. DEBTORS**

|                                | 2014<br>£     | 2013<br>£      |
|--------------------------------|---------------|----------------|
| Trade debtors                  | 2,724         | 3,403          |
| VAT repayable                  | 28,973        | 44,648         |
| Other debtors                  | -             | 1,517          |
| Prepayments and accrued income | 38,040        | 176,421        |
|                                | <u>69,737</u> | <u>225,989</u> |

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

|                                    | 2014<br>£      | 2013<br>£      |
|------------------------------------|----------------|----------------|
| Other taxation and social security | 120,318        | 123,521        |
| Other creditors                    | 694            | -              |
| Accruals and deferred income       | 339,203        | 420,826        |
|                                    | <u>460,215</u> | <u>544,347</u> |

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**16. CREDITORS:**  
**Amounts falling due within one year (continued)**

|                                      | <b>£</b>  |
|--------------------------------------|-----------|
| <b>Deferred income</b>               |           |
| Deferred income at 1 September 2013  | 133,795   |
| Resources deferred during the year   | 167,027   |
| Amounts released from previous years | (133,795) |
|                                      | 167,027   |
| Deferred income at 31 August 2014    | 167,027   |

Deferred income relates mainly to grants of £120,924 received in advance and £45,694 of parental contributions in respect of school trips that are due to take place in the next academic year.

**17. STATEMENT OF FUNDS**

|                                | Brought Forward<br>£ | Incoming resources<br>£ | Resources Expended<br>£ | Transfers in/out<br>£ | Gains/<br>(Losses)<br>£ | Carried Forward<br>£ |
|--------------------------------|----------------------|-------------------------|-------------------------|-----------------------|-------------------------|----------------------|
| <b>Unrestricted funds</b>      |                      |                         |                         |                       |                         |                      |
| Unrestricted funds             | 37,320               | 36,947                  | (14,750)                | -                     | -                       | 59,517               |
| <b>Restricted funds</b>        |                      |                         |                         |                       |                         |                      |
| General Annual Grant (GAG)     | 85,784               | 8,554,319               | (8,250,531)             | (30,563)              | -                       | 359,009              |
| Other DfE/EFA grants           | 3,015                | 101,868                 | (104,085)               | -                     | -                       | 798                  |
| Local authority grants         | -                    | 228,101                 | (228,101)               | -                     | -                       | -                    |
| Donations                      | 1,259                | 3,318                   | (4,577)                 | -                     | -                       | -                    |
| Transfers from Local Authority | 729,683              | -                       | -                       | -                     | -                       | 729,683              |
| School fund                    | 3,746                | -                       | -                       | -                     | -                       | 3,746                |
| Other miscellaneous restricted | 90,678               | 385,203                 | (379,526)               | -                     | -                       | 96,355               |
| Pension reserve                | (586,000)            | -                       | (74,000)                | -                     | (625,000)               | (1,285,000)          |
|                                | 328,165              | 9,272,809               | (9,040,820)             | (30,563)              | (625,000)               | (95,409)             |

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

**Restricted fixed asset funds**

|                                      |                   |                  |                    |                 |                  |                   |
|--------------------------------------|-------------------|------------------|--------------------|-----------------|------------------|-------------------|
| Capital expenditure from other funds | <b>323,595</b>    | -                | <b>(15,628)</b>    | <b>115,799</b>  | -                | <b>423,766</b>    |
| Transfer from Local Authority        | <b>33,469,768</b> | -                | <b>(685,876)</b>   | -               | -                | <b>32,783,892</b> |
| Other capital grants                 | <b>50,000</b>     | <b>35,236</b>    | -                  | <b>(85,236)</b> | -                | -                 |
|                                      | <b>33,843,363</b> | <b>35,236</b>    | <b>(701,504)</b>   | <b>30,563</b>   | -                | <b>33,207,658</b> |
| Total restricted funds               | <b>34,171,528</b> | <b>9,308,045</b> | <b>(9,742,324)</b> | -               | <b>(625,000)</b> | <b>33,112,249</b> |
| Total of funds                       | <b>34,208,848</b> | <b>9,344,992</b> | <b>(9,757,074)</b> | -               | <b>(625,000)</b> | <b>33,171,766</b> |

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

Restricted general funds will be used for educational purposes in line with the Academy's objects and its funding agreement with the EFA.

Restricted fixed assets funds amounting to £33,207,658 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the Academy's facilities.

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the period.

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

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

|                               | <b>Unrestricted funds</b> | <b>Restricted funds</b> | <b>Restricted fixed asset funds</b> | <b>Total funds</b> | <b>Total funds</b> |
|-------------------------------|---------------------------|-------------------------|-------------------------------------|--------------------|--------------------|
|                               | <b>2014</b>               | <b>2014</b>             | <b>2014</b>                         | <b>2014</b>        | <b>2013</b>        |
|                               | <b>£</b>                  | <b>£</b>                | <b>£</b>                            | <b>£</b>           | <b>£</b>           |
| Tangible fixed assets         | -                         | -                       | <b>33,207,658</b>                   | <b>33,207,658</b>  | 33,743,362         |
| Current assets                | <b>59,517</b>             | <b>1,648,395</b>        | -                                   | <b>1,707,912</b>   | 1,595,833          |
| Creditors due within one year | -                         | <b>(458,804)</b>        | -                                   | <b>(458,804)</b>   | (544,347)          |
| Pension scheme liability      | -                         | <b>(1,285,000)</b>      | -                                   | <b>(1,285,000)</b> | (586,000)          |
|                               | <b>59,517</b>             | <b>(95,409)</b>         | <b>33,207,658</b>                   | <b>33,171,766</b>  | 34,208,848         |

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. CAPITAL COMMITMENTS**

At 31 August 2014 the academy trust had capital commitments as follows:

|   | <b>2014</b>  | 2013   |
|---|--------------|--------|
|   | <b>£</b>     | £      |
| Contracted for but not provided in these financial statements | <b>6,073</b> | 55,778 |

**20. PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

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

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

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.

**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 trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust 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 trust 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 31 August 2014 was £291,000, of which employer's contributions totalled £217,000 and employees' contributions totalled £74,000. The agreed contribution rates for future years are 19.4% for employers and 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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**20. PENSION COMMITMENTS (continued)**

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

|                                     | <b>Expected<br/>return at<br/>31 August<br/>2014<br/>%</b> | <b>Fair value at<br/>31 August<br/>2014<br/>£</b> | <b>Expected<br/>return at<br/>31 August<br/>2013<br/>%</b> | <b>Fair value at<br/>31 August<br/>2013<br/>£</b> |
|-------------------------------------|--|---|--|---|
| Equities                            | <b>6.40</b>  | <b>1,317,000</b>                                  | 6.70   | 970,000   |
| Bonds                               | <b>2.90</b>  | <b>352,000</b>                                    | 3.50   | 239,000   |
| Property                            | <b>4.50</b>  | <b>130,000</b>                                    | 4.70   | 66,000  |
| Cash                                | <b>3.30</b>  | <b>56,000</b>                                     | 3.60   | 53,000  |
| Total market value of assets        |  | <u><b>1,855,000</b></u>                           |  | <u>1,328,000</u>                                  |
| Present value of scheme liabilities |  | <u><b>(3,140,000)</b></u>                         |  | <u>(1,914,000)</u>                                |
| Deficit in the scheme               |  | <u><b>(1,285,000)</b></u>                         |  | <u>(586,000)</u>                                  |

The amounts recognised in the Balance sheet are as follows:

|                                     | <b>2014<br/>£</b>         | <b>2013<br/>£</b> |
|-------------------------------------|---------------------------|-------------------|
| Present value of funded obligations | <b>(3,140,000)</b>        | (1,914,000)       |
| Fair value of scheme assets         | <u><b>1,855,000</b></u>   | <u>1,328,000</u>  |
| Net liability                       | <u><b>(1,285,000)</b></u> | <u>(586,000)</u>  |

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

|  | <b>2014<br/>£</b>       | <b>2013<br/>£</b> |
|--|-------------------------|-------------------|
| Interest on obligation                               | <b>(96,000)</b>         | (67,000)          |
| Expected return on scheme assets                     | <b>86,000</b>           | 51,000            |
| Current service cost (net of employee contributions) | <b>(281,000)</b>        | (225,000)         |
| Total  | <u><b>(291,000)</b></u> | <u>(241,000)</u>  |
| Actual return on scheme assets                       | <u><b>178,000</b></u>   | <u>140,000</u>    |

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**20. PENSION COMMITMENTS (continued)**

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

|                                      | <b>2014</b>      | 2013        |
|--------------------------------------|------------------|-------------|
|                                      | £                | £           |
| Opening defined benefit obligation   | <b>1,914,000</b> | 1,500,000   |
| Interest cost                        | <b>96,000</b>    | 67,000      |
| Contributions by scheme participants | <b>74,000</b>    | 65,000      |
| Actuarial Losses                     | <b>786,000</b>   | 57,000      |
| Benefits paid                        | <b>(11,000)</b>  | -           |
| Current service cost                 | <b>281,000</b>   | 225,000     |
|                                      | <hr/>            | <hr/>       |
| Closing defined benefit obligation   | <b>3,140,000</b> | 1,914,000   |
|                                      | <hr/> <hr/>      | <hr/> <hr/> |

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

|                                     | <b>2014</b>      | 2013        |
|-------------------------------------|------------------|-------------|
|                                     | £                | £           |
| Opening fair value of scheme assets | <b>1,328,000</b> | 958,000     |
| Expected return on assets           | <b>86,000</b>    | 51,000      |
| Actuarial gains and (losses)        | <b>161,000</b>   | 88,000      |
| Contributions by employer           | <b>217,000</b>   | 166,000     |
| Contributions by employees          | <b>74,000</b>    | 65,000      |
| Benefits paid                       | <b>(11,000)</b>  | -           |
|                                     | <hr/>            | <hr/>       |
| Closing fair value of scheme assets | <b>1,855,000</b> | 1,328,000   |
|                                     | <hr/> <hr/>      | <hr/> <hr/> |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £734,000 losses (2013 - £109,000 losses).

The academy trust expects to contribute £NIL to its Defined benefit pension scheme in 2015.

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 31 August        | <b>5.50 %</b> | 5.90 % |
| Rate of increase in salaries                         | <b>4.50 %</b> | 5.10 % |
| Rate of increase for pensions in payment / inflation | <b>2.70 %</b> | 2.80 % |

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**20. PENSION COMMITMENTS (continued)**

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>22.3</b> | 21.4 |
| Females              | <b>24.3</b> | 23.3 |
| Retiring in 20 years |             |      |
| Males                | <b>24.0</b> | 23.4 |
| Females              | <b>26.6</b> | 25.5 |

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

Defined benefit pension schemes

|  | <b>2014</b>        | 2013        | 2012        |
|--|--------------------|-------------|-------------|
|  | £                  | £           | £           |
| Defined benefit obligation                   | <b>(3,140,000)</b> | (1,914,000) | (1,500,000) |
| Scheme assets                                | <b>1,855,000</b>   | 1,328,000   | 958,000     |
| Deficit                                      | <b>(1,285,000)</b> | (586,000)   | (542,000)   |
| Experience adjustments on scheme liabilities | <b>(181,000)</b>   | (57,000)    | (130,000)   |
| Experience adjustments on scheme assets      | <b>161,000</b>     | 88,000      | (10,000)    |

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

|                         | <b>Land and buildings</b> |         | <b>Other</b>  |        |
|-------------------------|---------------------------|---------|---------------|--------|
|                         | <b>2014</b>               | 2013    | <b>2014</b>   | 2013   |
|                         | £                         | £       | £             | £      |
| <b>Expiry date:</b>     |                           |         |               |        |
| Between 2 and 5 years   | -                         | -       | <b>13,653</b> | 13,653 |
| After more than 5 years | <b>605,200</b>            | 593,167 | -             | -      |

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

|   | 2014<br>£             | 2013<br>£             |
|---|-----------------------|-----------------------|
| Net incoming resources before revaluations      | (412,082)             | (349,605)             |
| Returns on investments and servicing of finance | (17,716)              | (19,017)              |
| Depreciation of tangible fixed assets           | 701,504               | 683,214               |
| Capital grants from DfE                         | -                     | (200,000)             |
| Decrease/(increase) in debtors                  | 156,252               | (170,950)             |
| (Decrease)/increase in creditors                | (84,132)              | 236,158               |
| FRS 17 pension cost less contributions payable  | 64,000                | 59,000                |
| FRS 17 pension finance income                   | 10,000                | 16,000                |
|   | <u>417,826</u>        | <u>254,800</u>        |
| <b>Net cash inflow from operations</b>          | <b><u>417,826</u></b> | <b><u>254,800</u></b> |

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

|  | 2014<br>£               | 2013<br>£              |
|--|-------------------------|------------------------|
| <b>Returns on investments and servicing of finance</b> |                         |                        |
| Interest received                                      | 17,716                  | 19,017                 |
|  | <u>17,716</u>           | <u>19,017</u>          |
|  | 2014<br>£               | 2013<br>£              |
| <b>Capital expenditure and financial investment</b>    |                         |                        |
| Purchase of tangible fixed assets                      | (165,798)               | (244,397)              |
| Capital grants from DfE                                | -                       | 200,000                |
|  | <u>(165,798)</u>        | <u>(44,397)</u>        |
| <b>Net cash outflow capital expenditure</b>            | <b><u>(165,798)</u></b> | <b><u>(44,397)</u></b> |

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

|                           | 1<br>September<br>2013<br>£ | Cash flow<br>£        | Other<br>non-cash<br>changes<br>£ | 31 August<br>2014<br>£  |
|---------------------------|-----------------------------|-----------------------|-----------------------------------|-------------------------|
| Cash at bank and in hand: | 1,369,842                   | 269,744               | -                                 | 1,639,586               |
| <b>Net funds</b>          | <b><u>1,369,842</u></b>     | <b><u>269,744</u></b> | <b><u>-</u></b>                   | <b><u>1,639,586</u></b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 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. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transactions took place during the year (2013: £nil).

**27. CONTROLLING PARTY**

There is no ultimate controlling party.

**28. COMPANY LIMITED BY GUARANTEE**

The academy trust is a company limited by guarantee and does not have share capital.