

Parkfield Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Period ended 31 August 2013

Company Number : 08314293

Feltons
Chartered Accountants

Birmingham
B1 3JR

Parkfield Academy Trust

(A Company Limited by Guarantee)

Report and financial statements Period ended 31 August 2013

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Parkfield Academy Trust
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Reference and Administrative Details

| | | |
|------------------------------------|---|--|
| Trustees | <p>Caroline Clarkson Fatema Bari Fatima Jama Sandra Hadley Mohammed Hossain Mohammed Sajad Mohammed Yasin MBE Nazia Ahmed Hazel Pulley</p> | <p>(staff trustee) (communittee trustee, chair) ^ (parent trustee, appointed 6/2/13) # (staff trustee) * # (parent trustee) * ^ (communittee trustee) * # (communittee trustee, vice chair) * ^ (parent trustee, appointed 6/2/13) * # (head teacher and accounting officer) *</p> <p>* members of the finance committee # members of the audit committee ^ members of the academy trust</p> |
| Company secretary | | Lisa Davies |
| Senior management team | <p>Head teacher Deputy head Assistant head Assistant head Assistant head Assistant head Assistant head Assistant head School Business Manager</p> | <p>Hazel Pulley Michelle Davies Lesley Ahearn Larissa Gordon Helen Hackette Louise Stapleford Lorna Townsend David Williams Anna McLaughlin</p> |
| Responsible officer | | <p>Lynette Scarrett Schools Financial Services</p> |
| Head teacher and registered office | | <p>Parkfield Road Saltley Birmingham B8 3AX</p> |
| Company registration number | | 8314293 |
| Independent auditor | | <p>Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR</p> |
| Bankers | | <p>Lloyds Bank Plc 114-116 Colmore Row Birmingham B3 3BD</p> |
| Solicitors | | <p>Browne Jacobson LLP Victoria Square House Victoria Square House Birmingham B2 4BU</p> |

Parkfield Academy Trust (A Company Limited by Guarantee)

Trustees' report

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 30 November 2012 to 31 August 2013.

Conversion to academy trust

The Governing Body first discussed the possibility of conversion to academy status in the Spring term of 2012 and a decision was made to move forward with the process. Following this an application was submitted to the DfE. The initial approval was received in July 2012. The Governing Body confirmed their decision to move forward with the conversion to academy status in July 2012. The consultation process began in September 2012 and progressed quickly with Parkfield Community School converting to Parkfield Academy Trust on 1 January 2013.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Parkfield School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Parkfield Academy Trust.

The Governing Body consists of nine Trustees (the Directors of the Academy Trust) of which three are Members of the Academy Trust. The Governing Body consists of three Community Trustees, three Parent Trustees and three staff Trustees. The number of Trustees also employed by the Academy Trust should never exceed 1/3rd of the total composition of the Governing Body.

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

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

Principal activities

The principal activity of the Charitable Company in the period under review is the operation of Parkfield Community School to provide high quality, free primary education to children aged between 3 and 11 years.

Parkfield Academy Trust
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Trustees' report (continued)

Method of recruitment and appointment or election of Trustees

Parent Trustees are elected by the parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when she/he is elected.

The Community Trustees may be appointed by the Governing Body provided that the person who is appointed as a Community Trustee is:

- a person who lives or works in the community served by the Academy; or
- a person who, in the opinion of the Governing Body, is committed to the government and success of the Academy.

Staff Trustees are elected by employees of the Academy Trust.

The selection process for all for Parent and Staff Governors follows a similar format, nominations are requested and if more than one application is received then a ballot is held with candidates putting forward a statement, stating how they would support the work of the Governing Body. For Community Trustees, we receive applications from potential Governors within the local community or recommendations from other Governors. We have also discussed the option of advertising and have not ruled out the possibility of doing so in the future. All potential Governors submit a statement as to why they would like to be a Governor and what skills they could bring to the Governing Body. Potential Governors are interviewed by the Governing Body with Governors voting to select the most suitable Governor.

Policies and procedures adopted for the induction and training of Trustees

Newly elected Trustees attend induction training for new Trustees, and in addition select specific training provided by Trustee Support in accordance with their needs.

One of the Trustees is appointed as Link Trustee, attends relevant training and provides information to Trustees following such training.

The Head Teacher is the Leader for Professional Development in school, and she ensures that Trustees are provided with opportunities to receive training in accordance with their role, and the school's Training Plan.

Organisational structure

The Governing Body has established committees and appoints Trustees to serve on each of the committees annually. The committees for the period of the report were:

- Value for Money
- Wellbeing
- Curriculum and Standards
- Head Teacher Performance Management
- Child Welfare
- Pay Panel

The written terms of reference of the committees include the monitoring of the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment.

The Governing Body also appoints a Responsible Officer and this role has been fully implemented in accordance with the Academy Trust's Financial Procedures.

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Trustees' report (continued)

Organisational structure (continued)

Decisions relating to items of ratification of the appointment of the Head Teacher, ratification of the school budget and contracts costing over £30,000, are reserved for the board of trustees. The Governing Body formally delegate the day to day financial management of Fair Funding to the Head teacher.

Specifically:

To prepare (by reference to the School Development Plan) and submit an annual Budget Plan to the Value for Money Committee for review and then Governance Committee for approval.

To submit proposals for the amendment of an approved Budget Plan to the Governance Committee for consideration and approval.

Expenditure

- The Head teacher can incur expenditure up to £10,000 without reference to the Value for Money Committee.
- The Head teacher can incur expenditure on single orders in excess of £10,000 and less than £20,000 with the prior approval of the Value for Money Committee, subject to the receipt of 3 quotes and compliance with the current Financial Regulations as outlined by the DfE.
- The Head teacher can incur expenditure on single orders in excess of £20,000 with the prior approval of the Governing Body subject to the receipt of 3 quotes and compliance with the current Financial Regulations as outlined by the DfE.
- The Head teacher may incur cumulative expenditure with suppliers up to £30,000 without reference to the Value for Money Committee.
- The Head teacher should provide a report to each Value for Money meeting to show cumulative expenditure with suppliers in excess of £30,000 for which an annual approval of an exemption from Standing Orders should be included in the relevant minutes. It should be noted that if expenditure in the following financial year may also exceed £30,000 with the same supplier that alternative quotes should be sought.

Virement & Budget Revisions

- The Head teacher may undertake virements and budget revisions up to £15,000 which should be retrospectively reported to the Value for Money Committee.
- The Head teacher may undertake virements and budget revisions between £15,000 & £20,000 which should be reported to the Value for Money Committee for prior approval before being undertaken.
- The Head teacher may undertake virements and budget revisions in excess of £20,000, which should be reported to the Governing Body for prior approval before being undertaken.

To submit financial reports to each meeting of the Value for Money Committee.

To maintain an inventory record in attendance with current financial regulations.

To be authorised to write off equipment or appropriately sell from the school inventory without prior reference to the Value for Money Committee. To provide termly reports to the Value for Money Committee for their approval.

To maintain and develop adequate records of all other school funds and to prepare and submit annual audited accounts to the Value for Money Committee for their approval.

To maintain and develop adequate financial systems/records ie Personnel etc to protect school assets and to comply with the DfE regulations and procedures. To make recommendations to the Value for Money Committee for the improvement of financial systems/records where appropriate.

To report and make recommendations to the Value for Money Committee on any proposed changes which the EFA may request to the Financial Regulations.

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Trustees' report (continued)

Other Issues

- The Head teacher should ensure that a full financial statement is presented to each meeting of the Value for Money Committee.

Suggested Powers for the Value for Money Committee

The initial approval of the budget – to be ratified by the Governing Body.

The approval of the Head teachers delegated powers.

The receipt and approval of Financial Statements at each meeting.

The approval of expenditure on items between £10,000 and £20,000.

The retrospective approval of virements and budget revisions up to £15,000.

The prior approval of budget revisions and budget virements between £15,000 and £20,000.

Risk management

The Trustees confirm that, as part of an ongoing process, the major risks to which the Charitable Company is exposed have been reviewed and systems have been established to mitigate any risks identified. Business Risk Assessment is reviewed termly by the Finance Committee and reported to the Governing Body, to endorse any decisions made or action taken.

The major risks identified include financial, business interruption, fire, mass staff absence, violent extremist activity and the systems established to mitigate them include a Business Continuity Plan, risk assessments and insurance policies.

Connected organisations, including related party relationships

There are no connected organisations or related party transactions.

Objectives and activities

Objects and aims

The strategic goal of Parkfield Community School is to provide a broad and balanced curriculum to all pupils in accordance with the Funding Agreement between the Academy Trust and the Department for Education.

Objectives, strategies and activities

The school aims to maintain and improve upon its good status, through:

- Improved **attendance by specific groups of pupils** and **reduction of late arrivals to school** to enhance our pupils' achievements and attainment further.
- Improved use of leadership behaviours focusing on **team leading, monitoring for impact** and **developing teacher knowledge and skills** to enhance our pupils' achievement and attainment further.
- Improved use of **assessment resources, approaches and strategies** by adults and pupils to enhance achievement and attainment further.
- Improved level of **teachers' subject knowledge, teaching skill** and clearer **identification of next steps in individual pupil's learning** to enhance our pupils' achievement and attainment further.

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Trustees' report (continued)

Public benefit

In setting our objectives and planning our activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

Parkfield Academy Trust is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Achievements and performance

| KS1 | 2013 | | KS2 | 2013 | | |
|----------------------|----------|---------|---------------|----------|---------|---------|
| | Level 2+ | Level 3 | | Level 4+ | Level 5 | Level 6 |
| Speaking & Listening | 96% | 23% | English Tests | 84% | 23% | 0% |
| Reading | 88% | 28% | Reading | 93% | 33% | 0% |
| Writing | 89% | 26% | Writing | 86% | 25% | 1% |
| Maths | 93% | 29% | SPAG | 85% | 62% | 1% |
| Science | 88% | 18% | Maths | 93% | 60% | 5% |

KS1

Attainment at Parkfield Community School has increased steadily, in all subject areas, in the last three years. This has seen increases of 23% in speaking and listening, 6% for reading, 2% for writing and 2% for maths, for those children achieving a 2C or above.

The percentage of more able children achieving a level 3 has also steadily increased over a 3 year period, with a 10% increase in speaking and listening, 4% in reading, 12% in writing and 2% in maths.

Progress generally, from EYFS data, was broadly in line with national expectations last year for most groups of children.

KS2

Attainment at Parkfield Community School has rapidly increased in KS2, in all subject areas, over the last 3 years. This has seen increases of 20% in reading, 7% in writing and 27% in maths, for those children achieving a level 4+.

The percentage of level 5s at Parkfield has also increased in all subjects over a 3 year period (17% in reading, 16% in writing and 38% in maths).

Progress last year, within KS2, was above national average and many groups of children made significantly above progress across reading, writing and maths.

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Trustees' report (continued)

Going concern

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

Key financial performance indicators

- Direct costs as a percentage of total costs were 67.3%
- Support costs as a percentage of total costs were 32.3%
- Total payroll costs as a percentage of recurring income were 76.6%

Financial review

Financial and risk management objectives and policies

The financial results of Parkfield Academy Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the DfE and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the DfE. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the period ended 31 August 2013 total resources expended were £2,555,986 and the surplus of income over expenditure was £3,545,536 which included depreciation of £71,359.

At 31 August 2013 the net book value of fixed assets was £3,475,195. The assets were used exclusively for providing the education and the associated support services to the pupils of Parkfield Community School.

Principal risks and uncertainties

The Trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Reserves policy

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

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Trustees' report (continued)

Reserves policy (continued)

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

The deficit on the restricted pension fund of £770,000 arises from an actuarial deficit on the Local Government Pension Scheme which will be dealt with as advised by the actuary.

Investment policy

Parkfield Academy Trust holds surplus funds in a current account with Lloyds Bank Plc.

Plans for future periods


Within the next financial year it is hoped that we will complete the replacement of the current double mobile unit with a purpose built learning hub which will contain two classrooms, two learning bays and a community room. We will also be replace the tyre park with an aerobics fitness area.

Auditor

Insofar as the Trustees are aware :

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

Approved by order of the board of trustees on 19/12/13..... and signed on its behalf by:


.....
Fatema Bari - Chair of Trustees

Parkfield Academy Trust
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Governance statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Parkfield Academy Trust 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 Head teacher, 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 Parkfield Academy Trust 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 statement of Trustees' responsibilities. The board of trustees has formally met five times during the period. Attendance during the period at meetings was as follows :

| Trustee | Board of trustees | | Finance committee | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Meetings attended | Out of a possible | Meetings attended | Out of a possible |
| Caroline Clarkson | 4 | 5 | n/a | n/a |
| Fatema Bari | 5 | 5 | n/a | n/a |
| Fatima Jama (appointed 6/2/13) | 4 | 4 | n/a | n/a |
| Sandra Hadley | 5 | 5 | 3 | 3 |
| Mohammed Hossain | 5 | 5 | 3 | 3 |
| Mohammed Sajad | 4 | 5 | 2 | 3 |
| Mohammed Yasin MBE | 4 | 5 | 2 | 3 |
| Nazia Ahmed (appointed 6/2/13) | 4 | 4 | 3 | 3 |
| Hazel Pulley | 5 | 5 | 3 | 3 |

The finance committee is a sub-committee of the main board of trustees. Its purpose is to provide detailed oversight of the trust's finances.

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 the Academy's 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 Parkfield Academy Trust for the period 30 November 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

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Governance statement (continued)

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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 30 November 2012 to 31 August 2013 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 General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The 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 Lynette Scarrett of Schools Financial Services, as responsible officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks in the academy trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness


As Accounting Officer, Hazel Pulley (the Head teacher) has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 19/12/13 and signed on its behalf by:

 Fatema Bari - Chair of Trustees

 Hazel Pulley - Accounting Officer

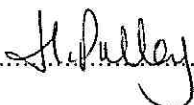
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Statement on regularity, propriety and compliance

As accounting officer of Parkfield Academy Trust 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.

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.

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

.....  Hazel Pulley - Accounting Officer

..... 19.12.13 Date

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Statement of Trustees' Responsibilities

The trustees (who act as governors of Parkfield Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' 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 period. 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in 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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education 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 on19/12/13..... and signed on its behalf by:

.......... Fatema Bari - Chair of Trustees

Parkfield Academy Trust
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Independent Auditor's Report on the Financial Statements to the Members of Parkfield Academy Trust

We have audited the financial statements of Parkfield Academy Trust (A Company Limited by Guarantee) for the period 30 November 2012 to 31 August 2013 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 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, 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'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 report of the trustees 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 2013, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies: Accounts Direction 2013 issued by the Education Funding Agency.

**Parkfield Academy Trust
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**Independent Auditor's Report on the Financial Statements to the Board of Trustees of Parkfield Academy Trust
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Feltons

David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

19 December 2013

Parkfield Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Auditor's Assurance Report on Regularity to Parkfield Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 18 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 30 November 2012 to 31 August 2013 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 Parkfield Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Parkfield Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Parkfield Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Parkfield Academy Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Parkfield Academy Trust's funding agreement with the Secretary of State for Education dated 21 December 2012 and the Academies Financial Handbook, extant from 1 September 2012, 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. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 30 November 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and 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 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes :

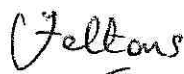
- Consideration of the applicable legislation and the Academy's Funding Agreement
- Review and evaluation of the Academy's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

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Independent Reporting Auditor's Assurance Report on Regularity to Parkfield Academy Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 30 November 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

19 December 2013

Parkfield Academy Trust
(A Company Limited by Guarantee)

Statement of Financial Activities for the period ended 31 August 2013
(including income and expenditure account and statement of total recognised gains and losses)

| | Notes | Unrestricted funds £ | Restricted pension fund £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|--|----------|----------------------------|------------------------------------|-------------------------------------|---|--------------------|
| Incoming resources | | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | | |
| Voluntary income - transfer from local authority on conversion | 2 | 810,157 | (807,000) | - | 3,496,639 | 3,499,796 |
| Activities for generating funds | 3 | 64,310 | - | - | - | 64,310 |
| Investment income | 4 | 468 | - | - | - | 468 |
| <i>Incoming resources from charitable activities:</i> | | | | | | |
| Funding for the Academy's educational operations | 5 | - | - | 2,524,690 | 12,258 | 2,536,948 |
| Total incoming resources | | 874,935 | (807,000) | 2,524,690 | 3,508,897 | 6,101,522 |
| Resources expended | | | | | | |
| <i>Charitable activities:</i> | | | | | | |
| Academy's educational operations | 6,7 | 56,849 | 30,000 | 2,388,253 | 71,359 | 2,546,461 |
| Governance costs | 6,8 | - | - | 9,525 | - | 9,525 |
| Total resources expended | 6 | 56,849 | 30,000 | 2,397,778 | 71,359 | 2,555,986 |
| Net incoming/(outgoing) resources before transfers | | 818,086 | (837,000) | 126,912 | 3,437,538 | 3,545,536 |
| Gross transfers between funds | 15 | - | - | (37,657) | 37,657 | - |
| Net income/(expenditure) for the period | | 818,086 | (837,000) | 89,255 | 3,475,195 | 3,545,536 |
| Other recognised gains and losses | | | | | | |
| Actuarial gains on defined benefit pension schemes | 15, 24 | - | 67,000 | - | - | 67,000 |
| Net movement in funds | | 818,086 | (770,000) | 89,255 | 3,475,195 | 3,612,536 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward at 30 November 2012 | 15 | - | - | - | - | - |
| Total funds carried forward at 31 August 2013 | | 818,086 | (770,000) | 89,255 | 3,475,195 | 3,612,536 |

All of the Academy's activities derive from acquisitions during the above financial period.

A statement of total recognised gains and losses is not required as all gains and losses are included in the Statement of Financial Activities.

Parkfield Academy Trust
(A Company Limited by Guarantee)

Company Number : 08314293
Balance sheet as at 31 August 2013

| | Notes | 2013 £ | £ |
|--|-------|------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | | 3,475,195 |
| Current assets | | | |
| Debtors | 13 | 87,143 | |
| Cash at bank and in hand | | <u>863,646</u> | |
| | | 950,789 | |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 14 | <u>43,448</u> | |
| Net current assets | | | 907,341 |
| Total assets less current liabilities | | | <u>4,382,536</u> |
| Pension scheme liability | 24 | | (770,000) |
| Net assets including pension liability | | | <u><u>3,612,536</u></u> |
| Funds of the academy trust : | | | |
| Restricted income funds | | | |
| Fixed asset fund | 15 | 3,475,195 | |
| General fund | 15 | 89,255 | |
| Pension reserve | 15 | <u>(770,000)</u> | |
| Total restricted funds | | | 2,794,450 |
| Unrestricted income funds | | | |
| General fund | 15 | | 818,086 |
| Total funds | | | <u><u>3,612,536</u></u> |

The financial statements on pages 17 to 38 were approved by the trustees, and authorised for issue on 19/12/13 and are signed on their behalf by:

 Fatema Bari - Chair of Trustees

Parkfield Academy Trust
(A Company Limited by Guarantee)

Cash flow statement for the period ended 31 August 2013

| | Notes | 2013 £ |
|---|-------|----------------|
| Net cash inflow from operating activities | 19 | 90,678 |
| Returns on investments and servicing of finance | 20 | 468 |
| Capital expenditure | 21 | (37,657) |
| Cash transferred on conversion to academy trust | 26 | 810,157 |
| Net funds at 31 August 2013 | 22 | <u>863,646</u> |

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

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013

1. Statement of accounting policies

Basis of preparation

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

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 company 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.

Incoming resources

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

- **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.

- **Donations**

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

- **Other income**

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

- **Donated services and gifts in kind**

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

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

1. Statement of accounting policies (continued)

Conversion to academy trust

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

The assets and liabilities transferred on conversion from Parkfield Community School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set for Parkfield Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds, restricted pension fund and restricted fixed asset funds. Details of the transaction are set out in note 26.

Resources expended

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

- **Costs of generating funds**
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**
These are costs incurred in the Academy Trust's educational operations.
- **Governance costs**
These 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 where applicable.

Tangible fixed assets

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

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

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

1. Statement of accounting policies (continued)

Tangible fixed assets (continued)

The Academy acquired a number of assets from the predecessor school for which no payment was made. A notional donation of £3,496,639 has been recognised to represent their value at that date.

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

| | |
|--------------------------|-------------------------------|
| Long leasehold buildings | - straight line over 50 years |
| Fittings and equipment | - 20% straight line |
| Computer equipment | - 33% straight line |
| Motor vehicles | - 25% reducing balance |

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

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

Leased assets

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

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.

Pension benefits

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

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

1. Statement of accounting policies (continued)

Pension benefits (continued)

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 24, 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 settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

Unrestricted income funds

These represent 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

These represent resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

Restricted general funds

These comprise all other restricted funds received and include grants from the Education Funding Agency and Birmingham City Council.

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

2. Voluntary income

| | Unrestricted funds £ | Restricted pension funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|-------------------------|----------------------------|-------------------------------------|---|--------------------|
| Gifts in kind donations | | | | |
| - fixed assets | - | - | 3,496,639 | 3,496,639 |
| - other assets | 810,157 | - | - | 810,157 |
| - pension deficit | - | (807,000) | - | (807,000) |
| | <u>810,157</u> | <u>(807,000)</u> | <u>3,496,639</u> | <u>3,499,796</u> |

Gifts in kind are net assets transferred on conversion from predecessor school.

3. Activities for generating funds

| | Unrestricted funds 2013 £ |
|--------------------|------------------------------------|
| Catering income | 47,472 |
| Teaching school | 6,820 |
| Educational visits | 3,949 |
| Miscellaneous | 6,069 |
| | <u>64,310</u> |

4. Investment income

| | Unrestricted funds 2013 £ |
|---------------------|------------------------------------|
| Short term deposits | <u>468</u> |

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

5. Funding for Academy's educational operations

| | Restricted funds 2013 £ |
|--------------------------------|----------------------------------|
| DfE/EFA grants | |
| General Annual Grant | 2,154,884 |
| Capital grants | 12,258 |
| Other DfE/EFA grants | 173,974 |
| | <u>2,341,116</u> |
| Other government grants | |
| Local authority grants | 195,832 |
| | <u>195,832</u> |
| | <u>2,536,948</u> |

6. Resources expended

| | Staff costs £ | Non pay expenditure Premises £ | Other costs £ | Total 2013 £ |
|---|---------------------|--------------------------------------|------------------|--------------------|
| Academy's educational operations | | | | |
| Direct costs | 1,559,919 | 46,383 | 114,263 | 1,720,565 |
| Allocated support costs | 432,662 | 169,865 | 223,369 | 825,896 |
| | <u>1,992,581</u> | <u>216,248</u> | <u>337,632</u> | <u>2,546,461</u> |
| Governance costs including allocated support costs | | | | |
| | - | - | 9,525 | 9,525 |
| | <u>1,992,581</u> | <u>216,248</u> | <u>347,157</u> | <u>2,555,986</u> |

| | £ |
|--|---------------|
| Incoming resources for the period include : | |
| Operating leases | 13,784 |
| Fees payable to auditor | 6,575 |
| - audit | |
| - other services | 850 |
| | <u>13,784</u> |

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

7. Charitable activities – Academy's educational operations

| | Unrestricted funds £ | Restricted pension fund £ | Other restricted funds £ | Total 2013 £ |
|--|----------------------------|------------------------------------|-----------------------------------|--------------------|
| Direct costs | | | | |
| Teaching and educational support staff | - | - | 1,559,919 | 1,559,919 |
| Depreciation | - | - | 46,383 | 46,383 |
| Technology costs | - | - | 683 | 683 |
| Educational supplies | 9,377 | - | 50,894 | 60,271 |
| Examination fees | - | - | 204 | 204 |
| Staff development | - | - | 14,298 | 14,298 |
| Educational consultancy | - | - | 38,807 | 38,807 |
| | <u>9,377</u> | <u>-</u> | <u>1,711,188</u> | <u>1,720,565</u> |
| Allocated support costs | | | | |
| Support staff | 25,497 | 30,000 | 377,165 | 432,662 |
| Depreciation | - | - | 24,976 | 24,976 |
| Technology costs | - | - | 73,309 | 73,309 |
| Recruitment and support | - | - | 1,079 | 1,079 |
| Maintenance of premises and equipment | - | - | 49,000 | 49,000 |
| Cleaning | - | - | 29,793 | 29,793 |
| Rates and water | - | - | 7,449 | 7,449 |
| Energy costs | - | - | 36,033 | 36,033 |
| Insurance | - | - | 19,253 | 19,253 |
| Security and transport | - | - | 8,853 | 8,853 |
| Catering | 21,975 | - | 29,030 | 51,005 |
| Other support costs | - | - | 92,484 | 92,484 |
| | <u>47,472</u> | <u>30,000</u> | <u>748,424</u> | <u>825,896</u> |
| | <u>56,849</u> | <u>30,000</u> | <u>2,459,612</u> | <u>2,546,461</u> |

8. Governance costs

| | Restricted funds 2013 £ |
|-------------------------------|----------------------------------|
| Legal and professional fees | 2,100 |
| Auditor's remuneration | |
| audit of financial statements | 6,575 |
| other services | 850 |
| | <u>9,525</u> |

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

9. Staff costs

| | |
|-------------------------------------|------------------|
| Staff costs during the period were: | 2013 |
| | £ |
| Wages and salaries | 1,545,246 |
| Social security costs | 107,851 |
| Pension costs | |
| Teachers' pension scheme | 150,774 |
| Local government pension scheme | 56,146 |
| | <u>1,860,017</u> |
| Supply teacher costs | 132,564 |
| | <u>1,992,581</u> |

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

| | |
|------------------------------|---------------|
| | 2013 |
| | Number |
| Charitable activities | |
| Teachers | 62 |
| Administration and support | 35 |
| Management | 3 |
| | <u>100</u> |

The number of employees whose emoluments on an annualised basis fell within the following bands was :

| | |
|--------------------|----------|
| £90,001 - £100,000 | <u>1</u> |
|--------------------|----------|

This employee participated in the Teachers' Pension Scheme. During the period, pension contributions for this employee amounted to £8,519.

10. Related Party Transactions - Trustees' remuneration and expenses

The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy in respect of their role as trustees.

The value of trustees' remuneration was as follows :

| | |
|--|-------------------|
| Ms H Pulley (head teacher and trustee) | £60,000 - £65,000 |
| Ms C Clarkson (staff trustee) | £25,000 - £30,000 |
| Ms S Hadley (staff trustee) | £10,000 - £15,000 |

During the period, no travel or subsistence expenses were reimbursed to the trustees of the academy. Related party transactions involving the trustees are set out in note 25.

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

11. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance included in the total insurance cost for the period ended 31 August 2013 was £1,629.

12. Tangible fixed assets

| | Long leasehold property £ | Fittings and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|--|------------------------------------|--------------------------------|----------------------------|------------------------|------------------|
| Cost or valuation | | | | | |
| Assets transferred on conversion at valuation | 3,370,000 | 19,406 | 70,323 | 36,910 | 3,496,639 |
| Other additions at cost | - | 18,684 | 31,231 | - | 49,915 |
| At 31 August 2103 | <u>3,370,000</u> | <u>38,090</u> | <u>101,554</u> | <u>36,910</u> | <u>3,546,554</u> |
| Depreciation | | | | | |
| Charged in the period | 44,933 | 2,910 | 17,365 | 6,151 | 71,359 |
| At 31 August 2013 | <u>44,933</u> | <u>2,910</u> | <u>17,365</u> | <u>6,151</u> | <u>71,359</u> |
| Net book values | | | | | |
| At 31 August 2013 | <u>3,325,067</u> | <u>35,180</u> | <u>84,189</u> | <u>30,759</u> | <u>3,475,195</u> |

Leasehold property was valued on 15 October 2013 by CBRE Limited, Cornwall Court, 4th Floor 19 Cornwall Street, Birmingham B3 2DT and the fittings and equipment, computer equipment and motor vehicles were valued as at the transfer date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at 31 August 2013 is represented by :

| | Long leasehold property £ | Fittings and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|-------------------|------------------------------------|--------------------------------|----------------------------|------------------------|------------------|
| Valuation in 2013 | 3,370,000 | 19,406 | 70,323 | 36,910 | 3,496,639 |
| Cost | - | 18,684 | 31,231 | - | 49,915 |
| | <u>3,370,000</u> | <u>38,090</u> | <u>101,554</u> | <u>36,910</u> | <u>3,546,554</u> |

13. Debtors

| | Total 2013 £ |
|--------------------------------|-----------------------------|
| Debtors from operations | 1,500 |
| VAT recoverable | 34,709 |
| Prepayments and accrued income | 42,759 |
| Other debtors | 8,175 |
| | <u>87,143</u> |

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

14. Creditors: amounts falling due within one year

| | Total 2013 £ |
|------------------------------|-----------------------------|
| Creditors from operations | 16,190 |
| Accruals and deferred income | 27,258 |
| | <u>43,448</u> |

15. Funds

| | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2013 £ |
|-------------------------------------|-------------------------------------|-------------------------------------|--|--|
| Restricted general funds | | | | |
| General Annual Grant (GAG) | 2,154,884 | (2,027,972) | (37,657) | 89,255 |
| Other DfE/EFA grants | 173,974 | (173,974) | - | - |
| Other government grants | 195,832 | (195,832) | - | - |
| | <u>2,524,690</u> | <u>(2,397,778)</u> | <u>(37,657)</u> | <u>89,255</u> |
| Restricted fixed asset funds | | | | |
| Assets transferred on conversion | 3,496,639 | (69,298) | - | 3,427,341 |
| DfE/EFA capital grants | 12,258 | (506) | - | 11,752 |
| Capital expenditure from GAG | - | (1,555) | 37,657 | 36,102 |
| | <u>3,508,897</u> | <u>(71,359)</u> | <u>37,657</u> | <u>3,475,195</u> |
| Restricted pension funds | <u>(807,000)</u> | <u>(30,000)</u> | <u>67,000</u> | <u>(770,000)</u> |
| Total restricted funds | <u>5,226,587</u> | <u>(2,499,137)</u> | <u>67,000</u> | <u>2,794,450</u> |
| Unrestricted funds | | | | |
| Other income | 874,935 | (56,849) | - | 818,086 |
| Total unrestricted funds | <u>874,935</u> | <u>(56,849)</u> | <u>-</u> | <u>818,086</u> |
| Total funds | <u>6,101,522</u> | <u>(2,555,986)</u> | <u>67,000</u> | <u>3,612,536</u> |

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

15. Funds (continued)

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and Birmingham City Council.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

16. Analysis of net assets between funds

Fund balances at 31 August 2013
are represented by:

| | Unrestricted funds £ | Restricted pension funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|-------------------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | - | - | - | 3,475,195 | 3,475,195 |
| Current assets | 818,086 | - | 132,703 | - | 950,789 |
| Current liabilities | - | - | (43,448) | - | (43,448) |
| | <u>818,086</u> | <u>-</u> | <u>89,255</u> | <u>3,475,195</u> | <u>4,382,536</u> |
| Pension scheme liability | - | (770,000) | - | - | (770,000) |
| Total net assets | <u>818,086</u> | <u>(770,000)</u> | <u>89,255</u> | <u>3,475,195</u> | <u>3,612,536</u> |

17. Capital commitments

There were no capital commitments at 31 August 2013.

Parkfield Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2013 (continued)

18. Financial commitments

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases on assets other than land and buildings as follows:

| | 2013 |
|---|---------------|
| | £ |
| Expiring within two to five years inclusive | <u>20,676</u> |

19. Reconciliation of net income to net cash inflow from operating activities

| | 2013 |
|---|----------------------|
| | £ |
| Net income | 3,545,536 |
| Depreciation (note 12) | 71,359 |
| Capital grants from DfE and other capital income | (12,258) |
| Cash transferred on conversion to academy trust (note 26) | (810,157) |
| Assets transferred on conversion to academy trust (note 26) | (3,496,639) |
| Interest receivable (note 4) | (468) |
| FRS 17 pension deficit on conversion (note 26) | 807,000 |
| FRS 17 actuarial movements (note 7) | 30,000 |
| (Increase) in debtors | (87,143) |
| Increase in creditors | 43,448 |
| Net cash inflow from operating activities | <u>90,678</u> |

20. Returns on investments and servicing of finance

| | |
|--|-------------------|
| Interest received | <u>468</u> |
| Net cash inflow from returns on investment and servicing of finance | <u>468</u> |

21. Capital expenditure and financial investment

| | |
|---|------------------------|
| Purchase of tangible fixed assets | (49,915) |
| Capital grants from DfE/EFA | 12,258 |
| Net cash (outflow) from capital expenditure and financial investment | <u>(37,657)</u> |

22. Analysis of changes in net funds

| | Cash flows | At 31 August 2013 |
|--------------------------|-------------------|--------------------------|
| | £ | £ |
| Cash at bank and in hand | <u>863,646</u> | <u>863,646</u> |
| | <u>863,646</u> | <u>863,646</u> |

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Notes to the financial statements for the period ended 31 August 2013 (continued)

23. Member's 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 they are members, or within one year after they cease to be members, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.

24. Pension and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

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Notes to the financial statements for the period ended 31 August 2013 (continued)

24. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007 the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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 the State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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Notes to the financial statements for the period ended 31 August 2013 (continued)

24. Pension and similar obligations (continued)

Teachers' Pension Scheme Changes (continued)

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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £101,112, of which employer's contributions totalled £73,507 and employees' contributions totalled £27,605. The agreed contribution rates for future years are 13% for employers and between 5.5% and 12.5% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 24 years.

Principal actuarial assumptions

| | At 31 August 2013 |
|--|------------------------------|
| Rate of increase in salaries | 4.25% |
| Rate of increase for pensions in payment / inflation | 2.50% |
| Discount rate for scheme liabilities | 4.80% |
| Inflation assumption (CPI) | 2.50% |

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Notes to the financial statements for the period ended 31 August 2013 (continued)

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | At 31 August 2013 |
|----------------------|------------------------------|
| Retiring today | |
| Males | 22.1 |
| Females | 24.8 |
| Retiring in 20 years | |
| Males | 23.9 |
| Females | 26.7 |

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

| | Expected return at 31 August 2013 | Fair value at 31 August 2013 £ |
|-------------------------------------|--|---|
| Equities | 7.00% | 299,000 |
| Government bonds | 3.40% | 59,000 |
| Other bonds | 4.40% | 79,000 |
| Property | 5.70% | 61,000 |
| Cash | 0.50% | 29,000 |
| Other | 7.00% | 177,000 |
| Total market value of assets | | 704,000 |
| Present value of scheme liabilities | | |
| - Funded | | (1,474,000) |
| Deficit in the scheme | | (770,000) |

The expected rate of return on the Scheme assets is based on market expectations at the beginning of the period.

The actual return on the Scheme assets was £53,000.

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Notes to the financial statements for the period ended 31 August 2013 (continued)

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

| | 2013 |
|--|-----------------|
| | £ |
| Amounts recognised in the statement of financial activities | |
| Current service cost (net of employee contributions) | 84,000 |
| Past service cost | - |
| Total operating charge | <u>84,000</u> |
| Analysis of pension finance income/(costs) | |
| Expected return on pension scheme assets | 23,000 |
| Interest on pension liabilities | <u>(43,000)</u> |
| Pension finance income/(costs) | <u>(20,000)</u> |

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £67,000 profit.

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

| | 2013 |
|--------------------------|------------------|
| | £ |
| Current service cost | 84,000 |
| Interest cost | 43,000 |
| Employee contributions | 28,000 |
| Actuarial gain | <u>(38,000)</u> |
| Business combinations | 1,357,000 |
| At 31 August 2013 | <u>1,474,000</u> |

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

| | 2013 |
|-------------------------------------|------------------|
| | £ |
| Expected return on assets | 23,000 |
| Actuarial gain | 29,000 |
| Employer contributions | 74,000 |
| Employee contributions | 28,000 |
| Business combinations | <u>550,000</u> |
| At 31 August 2013 | <u>704,000</u> |
| Net pension scheme liability | <u>(770,000)</u> |

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Notes to the financial statements for the period ended 31 August 2013 (continued)

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2014 is £100,000.

The history of experience adjustments is as follows:

| | 2013 |
|---|-------------------|
| | £ |
| Present value of defined benefit obligations | (1,474,000) |
| Fair value of share of scheme assets | 704,000 |
| Deficit in the scheme | <u>(770,000)</u> |
| Experience adjustments on share of scheme assets (£) | <u>29,000</u> |
| Experience adjustments on scheme liabilities (£) | <u>-</u> |

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.

25. 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, it is inevitable that 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. There are no disclosable related party transactions in the period.

26. Conversion to an Academy Trust

On 1 January 2013 Parkfield Community School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Parkfield Academy Trust from Birmingham City Council for £nil consideration.

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

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Notes to the financial statements for the period ended 31 August 2013 (continued)

26. Conversion to an Academy Trust (continued)

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

| | Unrestricted funds £ | Restricted pension funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------------------|----------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | - | - | 3,370,000 | 3,370,000 |
| Other tangible fixed assets | - | - | 126,639 | 126,639 |
| Budget surplus on LA funds | 807,313 | - | - | 807,313 |
| Budget surplus on other school funds | 2,844 | - | - | 2,844 |
| LGPS pension (deficit) | - | (807,000) | - | (807,000) |
| Total net assets | 810,157 | (807,000) | 3,496,639 | 3,499,796 |

The transfer agreement requires the company to run the academy known as Parkfield Community School on the present site; transfers all property, undertakings, rights, assets whether tangible or intangible to the academy trust; and sets out the responsibilities of the academy with regards to the employees of the former local authority controlled school.