

REGISTERED COMPANY NUMBER: 06486255 (England and Wales)
REGISTERED CHARITY NUMBER: 1124293

REPORT OF THE TRUSTEES AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2013
FOR
SANDBACH SCHOOL

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

SANDBACH SCHOOL

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FOR THE YEAR ENDED 31 AUGUST 2013**

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SANDBACH SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2013

TRUSTEES

J Cargill
R Dunning (resigned 8.7.13)
T Bunn (resigned 28.1.13)
S N Hodgkinson
Mrs B Keogh (deceased 22.10.13)
P Sherratt
Mrs I Victor
M Roberts
P Greasby (resigned 30.6.13)
Mrs J Barton (resigned 28.1.13)
J Hayward (resigned 28.1.13)
Cllr B Moran (resigned 1.1.13)
Cllr G Merry
C J Tyler (Chair)
B Gribbin
J S Burgess (resigned 8.7.13)
Ms S I Burns
D J Gaston (resigned 31.8.13)
S J Robertson (appointed 1.9.12)
C A Brady (appointed 10.12.12)
Mrs S Kennerley (Vice Chair) (appointed 10.12.12)
S Smith (appointed 10.12.12)
S C Dodds (appointed 30.9.13)
P J Michell (appointed 30.9.13)
Miss E M Hankey (appointed 30.9.13)
Mrs C E Longden (appointed 30.9.13)
Mrs S I Lewington (appointed 30.9.13)
Mrs P G Kelly (appointed 30.9.13)

COMPANY SECRETARY

D J Torjussen Business Manager

REGISTERED OFFICE

Crewe Road
Sandbach
Cheshire
CW11 3NS

REGISTERED COMPANY NUMBER

06486255 (England and Wales)

SENIOR STATUTORY AUDITOR

J H Whalley ACA

AUDITORS

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

SANDBACH SCHOOL

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2013**

SOLICITORS

Shoosmiths LLP
Witan Gate House
500-600 Witan Gate West
Milton Keynes
MK9 1SH

BANKERS

Lloyds
2 Market Street
Crewe
Cheshire
CW1 2EQ

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006 and school Governors, present their report with the consolidated financial statements for the year ended 31 August 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

COMMENCEMENT OF ACTIVITIES

On 4th July 2008 the assets and liabilities of Sandbach School (Charity Registration No. 525923), were transferred to the charitable company. The transfer excluded the whole of the freehold land and buildings and certain investments which were held by the charity on permanent endowment. These assets were retained within the charity, which under powers granted by the Charities Act 1993, was registered as a subsidiary charity of the charitable company Charity Registration No. 1124293-1.

On 17 August 2011 an agreement was reached with the EFA (formally YPLA) to convert the Free School into an Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Constitution

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

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 governors act as the trustees for the charitable activities of Sandbach School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Sandbach School.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

The liability of the members of the Academy Trust is limited.

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

If the Academy Trust is wound up or dissolved and after all its debts and liabilities have been satisfied there remains any property it shall not be paid to or distributed among the members of the Academy Trust, but shall be given or transferred to some other charity or charities having objects similar to the Objects which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Academy Trust, chosen by the members of the Academy Trust at or before the time of dissolution and if that cannot be done then to some other charitable object.

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Principal activities

Sandbach School is an 11-18 Comprehensive School for Boys. In September 2011 Sandbach School became one of the first 24 Free Schools, directly funded by the DfE and working autonomously from the Local Authority. The school serves the communities of Sandbach, Haslington, Elworth and surrounding parishes in South Cheshire. In October 2012 there were 1,217 boys on roll (1,022 Main School, 195 Sixth Form).

Sandbach School specialises in Sport and the Arts and is committed to using the positive dynamics of both to maximise the personal and academic potential of the pupils. The School is determined to recognise the entitlement of all pupils to a quality and equality of experience, provision, care and support. The school endeavours to marry all that is seen as best in terms of educational development with all that is desirable from the traditions of the School.

The range of extra-curricular provision is outstanding, encompassing sport, the Arts, Combined Cadet Force and a myriad of clubs and activities. Extra-curricular relations are used positively to enhance in-class dynamic.

Sandbach School is committed to expanding as a community school via adult education, arts programmes, and via the wider use of sporting facilities. Sandbach School is fully committed to working in partnership with schools, community groups and arts organisations across a wide range of scales.

The school was last inspected by OFSTED in January 2013. The judgement following this visit was that the school was 'Requiring Improvement'. Despite this judgement, there were a number of positives noted in the Ofsted report such as Behaviour and Attendance (rated as good in the report), evidence of some outstanding teaching, and a good report in relation to the schools' sixth form. Subsequent visits from Ofsted have also noted that the school has made inroads into making the required levels of improvement.

SANDBACH SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The number of Governors shall be not less than three.

The Academy Trust per its Articles of Association shall have the following Governors:

(a) Up to 7 Governors, appointed by Members of the Governing Body.

(b) Up to 2 Staff Governors (in addition to the Headteacher). The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

(c) up to 1 LA Governor. The LA may appoint a LA Governor by not less than 1 month's notice in writing delivered or posted (by registered post), to the Office of the Academy Trust).

(d) Between 2 and 6 Parent Governors. The Parent Governors shall be elected by parents/guardians of registered pupils at the Academy. A Parent Governor must be a parent/guardian of a pupil at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent/guardian of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

(e) the Headteacher;

(f) up to 3 Co-Opted Governors appointed by the Governors. The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Headteacher).

(g) any Additional Governors. The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has:

-given the Governors a warning notice

-the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

-The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For these purposes, the grade or description received by Sandbach School on any inspection prior to the date of adoption of these Articles shall not be regarded as a grade or assessment received by the Academy on any Inspection.

-Where an Additional or Further Governor appointed ceases to hold office as a Governor for any reason, other than being removed by the Secretary of State, the Secretary of State shall be entitled to appoint an Additional or Further Governor in his place.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

(h) any Further Governors. The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy or if he is satisfied that any Governor or Member of the Academy Trust is not a suitable person and he exercises his powers further to clause 91A of the Funding Agreement.

The total number of Governors shall not exceed 23 at any one time.

Induction and training of new trustees

Sandbach School is committed to the training and development of Governors. The School subscribes to a training package offered by Cheshire East. Governors are encouraged to attend relevant courses. The school also uses training material from the Modern Governor and Ofsted website

A secure Governor portal is in operation which is linked to the schools' website. This enables important information to be shared on a timely basis with Governors.

New Governors on induction receive briefings on their roles and responsibilities as school governors and as Trustees of the Charitable Company. The school has 5 subcommittees which are Finance, Personnel, Curriculum, Pastoral and Community & Partnerships. Each of these Committees are chaired by a Governor. Each committee has clear Terms of Reference and delegated powers which are reviewed annually. As part of their induction process, new Governors are encouraged to attend each Committee to determine which one their skill sets best align to.

Organisational structure

The school has a senior leadership team which comprises the Head Teacher, the school's Business Manager, 2 Deputy Headteachers, and 6 Assistant Head Teachers. Lead by the Head Teacher, this group is responsible for the strategic day to day running of the school and delivery of education to the students. The Headteacher and Business Manager attend all Governing Body meetings and provide reports directly to Governors at these meetings and throughout the year.

The Governors of Sandbach School are responsible for determining the general policy and strategic direction of the school following recommendations from the HeadTeacher. Each Governing Body sub committee has clear Terms of Reference, which detail the remit of that committee. Recommendations from sub committees are fed back to the Full Governing Body on a termly basis. Governors are actively involved in some of the day to day aspects of running the school such as recruitment, staff and pupil disciplinaries, and attending events.

The school has a clear delegated authority listing which details the decision making powers of the relevant sub committees. In respect of school funds, the Finance Committee has the power to agree non salary payments up to £50,000. Any commitments in excess of this must have full Governing Body approval.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

The Charitable company has two subsidiaries as detailed below:-

Sandbach School Property Trust (Registered Charity No. 1124293-1)

This subsidiary charity holds, on permanent endowment, the land and buildings known as Sandbach School, Cheshire and certain investments. The property and investments are held for the sole use of the Charitable Company, Sandbach School in furtherance of its objects as set out in the report of the trustees.

Sandbach School Developments Limited

The company has been established to manage the hire of the Sandbach School sporting facilities to clubs, associations and individuals in the Sandbach and surrounding areas. All profits from such activities are transferred to the school as a donation under gift aid.

The Love Music Trust (Registered No 1148615)

Sandbach School is the lead partner and fund holder of the Love Music Trust. This is a Music Hub funded by the Arts Council and by parental fees and subscriptions which is committed to providing access to high quality music education and exposure to outstanding musical experiences to all pupils in Cheshire East. The Love Music Trust took over Cheshire East Councils existing music provision, staff and resources and with partners will work collaboratively to provide music tuition across the border. The infrastructure and management of The Love Music Trust is located within Sandbach School with a Service Level Agreement in place for any work undertaken by the School on behalf of The Love Music Trust.

In connection with the above organisations - in so far as the Governors are aware:-

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

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The School carries out risk assessments covering all aspects of the operation of the school and the physical environment. Assessment of external risk factors such as changes in Government policy which may have a significant bearing on the future of the school are incorporated into the Schools Strategic Development Plan

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Academy Trust's objects ("the Objects") are specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by:

(a) the provision and conduct in or near Sandbach of a day school ("the Academy") for boys or boys and girls offering a broad and balanced curriculum; and

(b) the provision of education through day and evening classes for persons over compulsory school age; including in each case academic, vocational, social, physical and recreational training and associated organised leisure time activities.

Objectives, Strategies and Activities

The main objectives for 2012/13 have been summarised within the four priorities listed below.

1. Achievement to be increased across all year groups and the gap to be narrowed between the whole school and the Pupil Premium cohort. 90% of students in each group to make the expected level of progress.
2. Improve the quality of teaching and learning across the school. By July 2014 at least 90% of all lessons are judged to be good or outstanding with no lessons that are judged as inadequate.
3. Attendance and behaviour positively supports students' progress in lessons. 96.5% whole school attendance at the end of the summer term with the gap between the whole cohort and Pupil Premium children less than 2%.
4. Leadership and Management to communicate and embed an ambitious vision for the school by empowering senior, middle leaders and the Governing Body to drive forward high expectations for all students and staff.

Public benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. Sandbach School provides a benefit to the public through the provision of a quality comprehensive education for the boys of Sandbach, Haslington and surrounding areas.

In addition the school also opens all of its facilities to the local community. There is a large programme of adult education running 3 nights each week as well as a significant use of our sports facilities (Swimming pool, all weather pitch, sports hall, grass pitches) by local clubs, societies and casual users.

The Governors confirm that they have had due regard for the guidance published by the Charity Commission on public benefit.

SANDBACH SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013

ACHIEVEMENT AND PERFORMANCE

Charitable activities

In the summer term, 80% of students gained 5 A* - C GCSEs or equivalents (11% increase from 2012), and 66% of students gained 5A* - C including English and Maths GCSEs (14% increase from 2012). 19% of students gained 5A*-A GCSEs, 84% of students gained A*-C in Maths, 69% of students gained A*-C in English, and 72% of students gained 2 or more GCSEs in Science.

The school also enjoyed a very successful year in relation to A Level results. The school secured a 99.2% pass rate and a record points score per student at A level. At the top end, the highest numbers of A/A* papers were recorded at just under 30%, as well as the best ever A*-C grades of 77.8%.

Sports

Sandbach School continues to succeed in a number of sporting areas including rugby, football, hockey, swimming and cricket.

International

There were several trips during the year including the regular ski trips and foreign language visits. Destinations visited included Costa Rica, Washington, Hong Kong and Italy, amongst many others.

Investment performance

The School investments during the year consisted of shares in the COIF Charity Investment Fund. The return on the investments during the year, based on market value was 4.9%.

FINANCIAL REVIEW

Reserves policy

The reserves policy is to hold sufficient reserves to cover any uninsured losses although given the extent and nature of insurance cover this is an unlikely occurrence.

Investment policy and objectives

The school receives funding on a monthly basis from the Education Funding Agency. This funding is kept in a low interest bearing current account.

The School has a permanent endowment which for many years has been invested in a Common Investment Fund (COIF). The particular fund is the 'COIF Charities Investment Fund' which is a managed fund invested predominantly in equities. The School takes as cash income the annual dividends from this investment and on an annual basis re-values the asset book value of the investment in line with stock market fluctuation.

For other longer term surplus funds the School adopts a policy of keeping risk to a minimum with a preference for a guaranteed return (all interest/dividends earned by the School are injected back into funding the School's activities). During the year ended 31st August 2013, Sandbach School did not make any longer term investments.

FUTURE DEVELOPMENTS

The main priorities for the school are unchanged from those previously listed within this report.. The school will now embed these priorities and address individual objectives and actions which sit beneath those objectives in order to deliver the success criteria that is outlined.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk to the school relates to changes to future national changes to funding for all schools, and ensuring that admission numbers remain high and on an upward trajectory. Governors are aware of the potential implications of reforms to schools funding. The school will be ensuring during the next academic year that the necessary improvement is made in advance of the next Ofsted inspection.

SANDBACH SCHOOL

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2013**

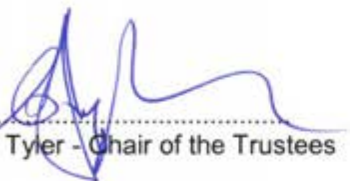
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Howard Worth, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
C J Tyler - Chair of the Trustees

Date: 9 December 2013

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Sandbach 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 of loss.

The board of the 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 Sandbach 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 Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

		Out of a possible 6 (where less than 6 – this is due to a member leaving or joining during the year)
Governor	Meetings Attended	
J Cargill	5	6
R Dunning	0	6
T Bunn	2	2
S N Hodgkinson	5	6
B Keogh	6	6
P Sherratt	6	6
I Victor	6	6
M Roberts	6	6
P Greasby	4	5
J Hayward	2	2
J Barton	2	2
Cllr B Moran	1	2
Cllr G Merry	6	6
C J Tyler	5	6
B Gribbin	6	6
J S Burgess	5	6
S I Burns	6	6
D J Gaston	3	6
S Smith	5	5
S Kennerley	5	5
C Brady	4	5
S Robertson	5	6

There were changes to the Governing Body during the academic year. Mr S Robertson was appointed on 1st September 2012. Mrs S Kennerley, Mr S Smith, Mr C Brady were appointed at the Full Governing Body meeting on 10th December 2012, Councillor B Moran resigned on 1st January 2013, Mr T Bunn, Mrs J Barton and Mr J Hayward resigned on 28th January 2013. Mr P Greasby resigned on 30th June 2013. Mr R Dunning and Mr S Burgess resigned on 8th July 2013.

SANDBACH SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

Six new Governors were appointed at the Full Governing Body meeting on 1st September 2013.

The Finance Committee is a subcommittee of the main governing body. Its purpose is to set and review the budget and annual accounts, make recommendations in respect of delegated financial limits, authorise levels of expenditure, agree adequate insurance cover, and ensure Health and Safety legislation is followed. Attendance at meetings in the year was as follows:-

Governor	Meetings Attended	Out of a possible
J Cargill	5	5
R Dunning	1	5
S N Hodgkinson	4	5
M Roberts	4	5
P Greasby	3	4
Cllr G Merry	4	5
C J Tyler	5	5
B Gribbin	5	5
S I Burns	4	5
S Smith	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company 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 Sandbach School for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

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 at Sandbach School for the year ended 31st August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company 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 charitable company's significant risks that has been in place for the period 1 September 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 Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluation and managing the Academy Trust's significant risks that has been in place for the year ending 31st August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

SANDBACH SCHOOL

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

The Risk and Control Framework

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, Governors have appointed Afford Bond to undertake the role of Responsible Officer (RO). Reports provided by Afford Bond are shared with the Finance Committee, and any actions required are agreed through this Committee. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

The RO function has been fully delivered in line with the EFA's requirements. There have been no material control issues identified arising from the RO's work.

Review of Effectiveness

As accounting officer, Mrs S I Burns has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:-

- The work of the Responsible Officer;
- The work of the external auditor;
- The 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 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 9 December 2013 and signed on its behalf by:



.....
C J Tyler - Chair of the Trustees



.....
Mrs S I Burns - Accounting Officer

SANDBACH SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2013**

As accounting officer of Sandbach School I have considered my responsibility to notify the charitable company 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 charitable company 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 charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company'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.



.....
Mrs S I Burns - Accounting Officer

Date: 9 December 2013

SANDBACH SCHOOL

STATEMENT OF TRUSTEES RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2013

The trustees (who act as governors of Sandbach School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees 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.

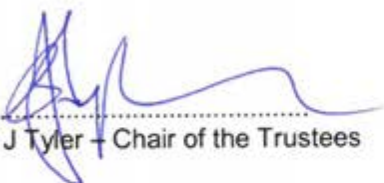
Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 the EFA/DfE have been applied for the purposes intended.

ON BEHALF OF THE BOARD:



.....
C J Tyler – Chair of the Trustees

Date: 9 December 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SANDBACH SCHOOL

We have audited the group's and parent company's financial statements of Sandbach School for the year ended 31 August 2013. 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 Accounts Direction 2013 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page fifteen, the trustees (who are also the directors of the charitable company 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 charitable company'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. 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 group's and parent charitable company's affairs as at 31 August 2013 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

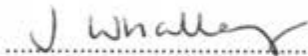
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SANDBACH SCHOOL**

Matters on which we are required to report by exception

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

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



J H Whalley ACA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 9 December 2013

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

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

Respective responsibilities of Sandbach School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sandbach School's funding agreement with the Secretary of State for Education 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 1 September 2012 to 31 August 2013 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 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 matter 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 charitable company's income and expenditure.

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 1 September 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.



Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 9 December 2013

SANDBACH SCHOOL

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	31.08.13 Total funds £	31.08.12 Total funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	680	-	-	680	27
Activities for generating funds	5	172,255	-	-	172,255	152,625
Investment income	6	6,925	2	-	6,927	5,937
Incoming resources from charitable activities						
Academy's educational operations	7	27,447	6,656,888	-	6,684,335	6,875,086
Total incoming resources		<u>207,307</u>	<u>6,656,890</u>	<u>-</u>	<u>6,864,197</u>	<u>7,033,675</u>
RESOURCES EXPENDED						
Costs of generating funds						
Cost of activities for generating funds	8	50,868	-	-	50,868	34,030
Charitable activities						
Academy's educational operations	9	130,241	6,430,549	143,767	6,704,557	6,401,579
Governance costs	11	<u>30</u>	<u>17,557</u>	<u>-</u>	<u>17,587</u>	<u>67,531</u>
Total resources expended		<u>181,139</u>	<u>6,448,106</u>	<u>143,767</u>	<u>6,773,012</u>	<u>6,503,140</u>
Net incoming / (outgoing) resources before transfers		26,168	208,784	(143,767)	91,185	530,535
Gross transfers between funds		<u>(263,653)</u>	<u>764,003</u>	<u>(500,350)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		(237,485)	972,787	(644,117)	91,185	530,535
Other recognised gains / losses						
Gains / losses on fixed asset investments		-	-	11,652	11,652	7,112
Actuarial gains / losses on defined benefit schemes		<u>-</u>	<u>106,000</u>	<u>-</u>	<u>106,000</u>	<u>(431,000)</u>
Net movement in funds		(237,485)	1,078,787	(632,465)	208,837	106,647
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>397,623</u>	<u>(1,056,369)</u>	<u>6,566,257</u>	<u>5,907,511</u>	<u>5,800,864</u>
TOTAL FUNDS CARRIED FORWARD		<u>160,138</u>	<u>22,418</u>	<u>5,933,792</u>	<u>6,116,348</u>	<u>5,907,511</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

The notes form part of these financial statements

SANDBACH SCHOOL
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	Group 31.08.13 £	Group 31.08.12 £	Charity 31.08.13 £	Charity 31.08.12 £
FIXED ASSETS					
Tangible assets	15	7,293,373	7,315,859	7,293,373	7,315,859
Investments	16	<u>138,734</u>	<u>127,082</u>	<u>138,735</u>	<u>127,083</u>
		7,432,107	7,442,941	7,432,108	7,442,942
CURRENT ASSETS					
Stocks	17	5,489	3,784	5,489	3,784
Debtors	18	237,817	101,121	353,199	186,513
Cash at bank & in hand		<u>310,594</u>	<u>488,981</u>	<u>195,211</u>	<u>403,585</u>
		553,900	593,886	553,899	593,882
CREDITORS					
Amounts falling due within one year	19	<u>(702,886)</u>	<u>(844,914)</u>	<u>(702,886)</u>	<u>(844,911)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(148,986)</u>	<u>(251,028)</u>	<u>(148,987)</u>	<u>(251,029)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,283,121	7,191,913	7,283,121	7,191,913
CREDITORS					
Amounts falling due after more than one year	20	(445,773)	(500,402)	(445,773)	(500,402)
PENSION LIABILITY	24	<u>(721,000)</u>	<u>(784,000)</u>	<u>(721,000)</u>	<u>(784,000)</u>
NET ASSETS/(LIABILITIES)		<u>6,116,348</u>	<u>5,907,511</u>	<u>6,116,348</u>	<u>5,907,511</u>


The notes form part of these financial statements

SANDBACH SCHOOL

**CONSOLIDATED BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	31/8/13 Total funds £	31/8/12 Total funds £
FUNDS	23		
Unrestricted funds:			
General fund		158,830	156,945
Headteachers Account		1,308	678
Synthetic Turf Pitch Sinking Fund		-	90,000
Charity Commission Fund		-	150,000
		<u>160,138</u>	<u>397,623</u>
Restricted funds:			
Captain ED Farr (Deceased)		1,668	1,668
Leach Prize Fund		215	215
Evans Bursary		2,330	1
James Fox Memorial Prize		318	318
Bruse Thompson Prize		500	500
General Annual Grant (GAG)		(270,701)	(1,151,757)
Pension Reserve		(721,000)	(784,000)
DfE/EFA Capital Grants		947,310	876,686
Capital Expenditure from GAG		<u>61,778</u>	<u>-</u>
Endowment funds:		22,418	(1,056,369)
School Funds		<u>5,933,792</u>	<u>6,566,257</u>
TOTAL FUNDS		<u><u>6,116,348</u></u>	<u><u>5,907,511</u></u>

The financial statements were approved by the Board of Trustees on 9 December 2013 and were signed on its behalf by:


.....
C J Tyler – Chair of the Trustees

The notes form part of these financial statements

SANDBACH SCHOOL

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

		31/8/13 £	31/8/12 £
Net cash inflow from operating activities	Notes 1	426,834	1,089,734
Returns on investments and servicing of finance	2	(60,754)	(57,311)
Capital expenditure and financial investment	2	(235,374)	(618,920)
		<u>130,706</u>	<u>413,503</u>
Financing	2	(79,567)	(76,912)
		<u>51,139</u>	<u>336,591</u>
Increase in cash in the period		<u>51,139</u>	<u>336,591</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		51,139	336,591
Cash outflow from decrease in debt and lease financing		<u>79,567</u>	<u>182,657</u>
Change in net debt resulting from cash flows		<u>130,706</u>	<u>519,248</u>
Movement in net debt in the period		130,706	519,248
Net debt at 1 September		<u>(320,465)</u>	<u>(839,713)</u>
Net debt at 31 August		<u>(189,759)</u>	<u>(320,465)</u>

The notes form part of these financial statements

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31/8/13 £	31/8/12 £
Net incoming resources	91,185	530,535
Depreciation charges	257,860	231,910
Interest received	(81)	(2)
Interest paid	56,341	56,071
Interest element of hire purchase and finance lease rental payments	11,340	7,130
Dividends received	(6,846)	(5,888)
(Increase)/decrease in stocks	(1,705)	1,034
Increase in debtors	(136,699)	(61,658)
Increase in creditors	112,439	286,354
Difference between pension charge and cash contributions	<u>43,000</u>	<u>44,248</u>
Net cash inflow from operating activities	<u>426,834</u>	<u>1,089,734</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31/8/13 £	31/8/12 £
Returns on investments and servicing of finance		
Interest received	81	2
Interest paid	(56,341)	(56,071)
Interest element of hire purchase and finance lease rental payments	(11,340)	(7,130)
Dividends received	<u>6,846</u>	<u>5,888</u>
Net cash outflow for returns on investments and servicing of finance	<u>(60,754)</u>	<u>(57,311)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(235,374)</u>	<u>(618,920)</u>
Net cash outflow for capital expenditure and financial investment	<u>(235,374)</u>	<u>(618,920)</u>
Financing		
Loan repayments in year	(51,524)	(49,324)
Capital repayments in year	<u>(28,043)</u>	<u>(27,588)</u>
Net cash outflow from financing	<u>(79,567)</u>	<u>(76,912)</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/9/12 £	Cash flow £	At 31/8/13 £
Net cash:			
Cash at bank and in hand	332,034	(21,442)	310,592
Bank overdrafts	<u>(72,581)</u>	<u>72,581</u>	<u>-</u>
	<u>259,453</u>	<u>51,139</u>	<u>310,592</u>
Debt:			
Finance leases	(28,043)	28,043	-
Debts falling due within one year	(51,473)	(3,105)	(54,578)
Debts falling due after one year	<u>(500,402)</u>	<u>54,629</u>	<u>(445,773)</u>
	<u>(579,918)</u>	<u>79,567</u>	<u>(500,351)</u>
Total	<u>(320,465)</u>	<u>130,706</u>	<u>(189,759)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets the Companies Act 2006, the requirements of the Statement of Recommended Practice Accounting and Reporting by Charities and the Academies Accounts Directions issued by the EFA.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category.

Charitable Activities

These are costs incurred on 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.

The Academy is able to recover VAT on all education related expenditure.

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES - continued**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

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.

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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement 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. 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.

Investments

The Academy's investment is in Charity Investment Fund Units. The investment is stated at market value with any unrealised gains or losses being adjusted through the reserves. The investment dates back to the pre-conversion Free School and is held in an Endowment fund.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

2. GENERAL ANNUAL GRANT

a. Results and carry forward for the year

a. Results and carry forward

	2013 £	2012 £
GAG brought forward from previous years	162,423	-
GAG allocation for current year	<u>6,018,229</u>	<u>5,854,690</u>
Total GAG available to spend	6,180,652	5,854,690
Recurrent expenditure from GAG	<u>(6,180,652)</u>	<u>(5,692,267)</u>
GAG carried forward to next year	-	162,423
	N/A	(2.77%)
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>722,187</u>	<u>702,563</u>
GAG to surrender to DfE	<u>(722,187)</u>	<u>(541,140)</u>

(12% rule breached if positive)

b. Use of GAG brought forward from previous year for recurrent expenditure

The proportion of GAG brought forward used for recurrent expenditure has not exceeded the 2% limit detailed in the funding agreement.

3. VOLUNTARY INCOME

	31/8/13 £	31/8/12 £
Donations	<u>680</u>	<u>27</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

4. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY

The financial activities shown in the consolidated financial statements include those of the charitable company's subsidiaries; Sandbach School Property Trust and Sandbach School Developments Limited.

A summary of the financial activities undertaken by the charity is set out below:

	31.08.13	31.08.12
	£	£
Gross incoming resources	6,813,299	6,998,325
Total expenditure on charitable activities	(6,704,557)	(6,401,579)
Governance costs	(17,557)	(66,211)
Investment gain/(loss)	11,652	7,112
Actuarial (loss)/gain	106,000	(431,000)
	<hr/>	<hr/>
Net (outgoing)/incoming resources	208,837	106,647
Total funds brought forward	5,907,511	5,800,864
	<hr/>	<hr/>
Total funds carried forward	6,116,348	5,907,511

5. ACTIVITIES FOR GENERATING FUNDS

	31.08.13	31.08.12
	£	£
Hire of School facilities	130,862	134,917
Rental & hire of premises	13,108	9,773
Sundry income	16,285	7,935
Love Music Trust	12,000	-
	<hr/>	<hr/>
	172,255	152,625

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED FOR THE YEAR ENDED 31 AUGUST 2013

5. ACTIVITIES FOR GENERATING FUNDS - CONTINUED

The wholly owned trading subsidiary; Sandbach School Developments Limited, which is incorporated in England and Wales, has gift aided 100% of its profits to the charity. Sandbach School Developments Limited operates the hire of sporting facilities on behalf of Sandbach School. A summary of the trading results is set out below:

	31.08.13	31.08.12
	£	£
Turnover	130,862	134,917
Cost of sales	(23,276)	(30,433)
Administrative expenses	(55,566)	(31,069)
Interest receivable and similar income	79	47
	<u> </u>	<u> </u>
Net profit	52,099	73,462
Amount gift aided to the charity	(52,099)	(73,462)
	<u> </u>	<u> </u>
Retained in subsidiary	-	-
	<u> </u>	<u> </u>
The assets and liabilities of the subsidiary were:		
	31.08.13	31.08.12
	£	£
Current assets	158,831	100,400
Total liabilities	(158,830)	(100,399)
	<u> </u>	<u> </u>
Net assets	<u> 1</u>	<u> 1</u>
	<u> </u>	<u> </u>
Capital and reserves	<u> 1</u>	<u> 1</u>
	<u> </u>	<u> </u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

6. INVESTMENT INCOME

	31.08.13	31.08.12
	£	£
Dividends received	6,846	5,888
Deposit account interest	<u>81</u>	<u>49</u>
	<u>6,927</u>	<u>5,937</u>

7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/13 Total funds £	31/8/12 Total funds £
Adult education course fees	-	66,740	-	66,740	69,720
Music fees	27,447	-	-	27,447	31,451
Grants	<u>-</u>	<u>6,590,148</u>	<u>-</u>	<u>6,590,148</u>	<u>6,773,915</u>
	<u>27,447</u>	<u>6,656,888</u>	<u>-</u>	<u>6,684,335</u>	<u>6,875,086</u>

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/13 Total funds £	31/8/12 Total funds £
DfE/EFA revenue grant					
General Annual Grant(GAG)	-	6,018,229	-	6,018,229	5,965,193
Other DfE/EFA grants	<u>-</u>	<u>82,264</u>	<u>-</u>	<u>82,264</u>	<u>37,345</u>
	-	6,100,493	-	6,100,493	6,002,538
DfE/EFA capital grant					
Capital Grant	-	167,909	-	167,909	487,159
Other government grant					
Adult Education Grant	-	24,073	-	24,073	13,693
Cheshire East Council Grant	-	297,673	-	297,673	317,904
Other Grants	-	-	-	-	11,034
DFE Start up grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
	<u>-</u>	<u>321,746</u>	<u>-</u>	<u>321,746</u>	<u>367,631</u>
	<u>-</u>	<u>6,590,148</u>	<u>-</u>	<u>6,590,148</u>	<u>6,857,328</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

8. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	31.08.13	31.08.12
	£	£
Wages	23,276	30,431
Other costs	-	2
Repairs and renewals	24,000	-
Hire of plants and machinery	3,592	3,297
Bad debts	-	300
	<u>50,868</u>	<u>34,030</u>

9. RESOURCES EXPENDED

				31/8/13	31/8/12
	Staff costs	Non-pay expenditure			
	£	Premises	Other costs	Total	Total
		£	£	£	£
Charitable activities					
Academy's educational operations					
Direct costs	4,741,151	358,994	631,747	5,731,892	5,428,039
Allocated support costs	<u>522,472</u>	<u>284,056</u>	<u>166,137</u>	<u>972,665</u>	<u>973,540</u>
	<u>5,263,623</u>	<u>643,050</u>	<u>797,884</u>	<u>6,704,557</u>	<u>6,401,579</u>

Net resources are stated after charging/(crediting):

	31/8/13	31/8/12
	£	£
Auditors' remuneration	10,849	11,803
Auditors' remuneration for non-audit work	3,452	2,610
Depreciation - owned assets	257,860	209,046
Depreciation - assets on hire purchase contracts and finance leases	-	22,863
Other operating leases	<u>11,644</u>	<u>9,980</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

10. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Endowment funds £	31/8/13 Total funds £	31/8/12 Total funds £
Direct costs					
Teaching and educational support staff	121,809	4,619,342	-	4,741,151	4,490,835
Depreciation	-	94,063	143,767	237,830	205,510
Technology costs	-	61,291	-	61,291	65,867
Educational supplies	40	161,061	-	207,101	203,860
Examination fees	-	93,552	-	93,552	108,129
Staff development	-	59,627	-	13,627	7,893
Goods and services	8,392	137,820	-	146,212	139,092
Light, heat and water	-	215,227	-	215,227	190,841
Other direct costs	-	15,901	-	15,901	(4,358)
	<u>130,241</u>	<u>5,457,884</u>	<u>143,767</u>	<u>5,731,892</u>	<u>5,407,669</u>
Allocated support costs					
Support staff costs	-	522,472	-	522,472	510,794
Depreciation	-	20,030	-	20,030	26,400
Technology costs	-	368	-	368	4,361
Recruitment and support	-	16,950	-	16,950	11,626
Maintenance of premises and equipment	-	83,201	-	83,201	104,673
Cleaning	-	137,683	-	137,683	128,543
Energy costs	-	14,350	-	14,350	17,714
Insurance	-	48,822	-	48,822	43,890
Security and transport	-	3,474	-	3,474	5,606
Other	-	85,765	-	85,765	112,475
Interest payable and similar charges	-	39,550	-	39,550	27,828
	<u>-</u>	<u>972,665</u>	<u>-</u>	<u>972,665</u>	<u>993,910</u>
	<u>130,241</u>	<u>6,430,549</u>	<u>143,767</u>	<u>6,704,557</u>	<u>6,401,579</u>

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013

11. GOVERNANCE COSTS

	31/8/13	31/8/12
	£	£
Auditors' remuneration	10,849	11,803
Auditors' remuneration for non-audit work	3,452	2,610
Legal fees	<u>3,286</u>	<u>53,118</u>
	<u>17,587</u>	<u>67,531</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2013 nor for the year ended 31 August 2012.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2013 or for the year ended 31 August 2012.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

13. STAFF COSTS

	31/8/13 £	31/8/12 £
Wages and salaries	4,585,744	4,441,833
Other pension costs	<u>583,425</u>	<u>584,262</u>
	5,169,169	5,026,095
Supply teacher costs	52,179	5,965
Redundancy payments	<u>65,551</u>	<u>-</u>
	<u><u>5,286,899</u></u>	<u><u>5,032,060</u></u>

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

	31/8/13	31/8/12
Teaching & peripatetic	93	91
Adult education	1	6
Administration & support	<u>68</u>	<u>61</u>
	<u><u>162</u></u>	<u><u>158</u></u>

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

	31/8/13	31/8/12
£60,001 - £70,000	2	1
£80,001 - £90,000	<u>1</u>	<u>1</u>
	<u><u>3</u></u>	<u><u>2</u></u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £29,806 (2012: £21,702).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £594 (2012: £580).

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

15. TANGIBLE FIXED ASSETS

GROUP& CHARITABLE COMPANY	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 September 2012	7,500,147	116,904	267,064
Additions	<u>174,726</u>	<u>6,246</u>	<u>15,898</u>
At 31 August 2013	<u>7,674,873</u>	<u>123,150</u>	<u>282,962</u>
DEPRECIATION			
At 1 September 2012	574,449	78,881	119,550
Charge for year	<u>153,497</u>	<u>5,781</u>	<u>14,977</u>
At 31 August 2013	<u>727,946</u>	<u>84,662</u>	<u>134,527</u>
NET BOOK VALUE			
At 31 August 2013	<u>6,946,927</u>	<u>38,488</u>	<u>148,435</u>
At 31 August 2012	<u>6,925,698</u>	<u>38,023</u>	<u>147,514</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2012	6,768	391,108	8,281,991
Additions	<u>-</u>	<u>38,504</u>	<u>235,374</u>
At 31 August 2013	<u>6,768</u>	<u>429,612</u>	<u>8,517,365</u>
DEPRECIATION			
At 1 September 2012	6,768	186,484	966,132
Charge for year	<u>-</u>	<u>83,605</u>	<u>257,860</u>
At 31 August 2013	<u>6,768</u>	<u>270,089</u>	<u>1,223,992</u>
NET BOOK VALUE			
At 31 August 2013	<u>-</u>	<u>159,523</u>	<u>7,293,373</u>
At 31 August 2012	<u>-</u>	<u>204,624</u>	<u>7,315,859</u>

The governors are required to disclose the market value of the freehold property. In the opinion of the governors the market value of the freehold property is considerably in excess of the net book value of £6,946,927 shown in the accounts. The governors have made the decision not to obtain a professional valuation on the basis that the cost of such a valuation would be considerable and that it would be more appropriate to use the funds for direct charitable activities.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

15. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Computer equipment £
COST	
At 1 September 2012	180,895
Transfer to ownership	<u>(180,895)</u>
At 31 August 2013	<u>-</u>
DEPRECIATION	
At 1 September 2012	84,445
Transfer to ownership	<u>(84,445)</u>
At 31 August 2013	<u>-</u>
NET BOOK VALUE	
At 31 August 2013	<u>-</u>
At 31 August 2012	<u>96,450</u>

16. FIXED ASSET INVESTMENTS

	GROUP	CHARITY Shares in group undertakings	CHARITY Listed Investments	CHARITY Total
	Listed Investments £	£	£	£
MARKET VALUE				
At 1 September 2012	127,082	1	127,082	127,083
Revaluations	<u>11,652</u>	<u>-</u>	<u>11,652</u>	<u>11,652</u>
At 31 August 2013	<u>138,734</u>	<u>1</u>	<u>138,734</u>	<u>138,735</u>
NET BOOK VALUE				
At 31 August 2013	<u>138,734</u>	<u>1</u>	<u>138,734</u>	<u>138,735</u>
At 31 August 2012	<u>127,082</u>	<u>1</u>	<u>127,082</u>	<u>127,083</u>

There were no investments outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

16. FIXED ASSET INVESTMENTS - continued

Subsidiaries

The charitable company has an investment in Sandbach School Developments Limited, a company incorporated in England and Wales. Details of this investment are as follows:

	Ownership	Nature of business	Year end
Sandbach School Developments Limited	100%	Hire of sports facilities	31/08

17. STOCKS

	GROUP 31.08.13 £	GROUP 31.08.12 £	CHARITY 31.08.13 £	CHARITY 31.08.12 £
Stocks	<u>5,489</u>	<u>3,784</u>	<u>5,489</u>	<u>3,784</u>

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP 31.08.13 £	GROUP 31.08.12 £	CHARITY 31.08.13 £	CHARITY 31.08.12 £
Trade debtors	28,125	15,004	-	-
Amounts owed by group undertakings	-	-	158,829	100,399
Other debtors	102,198	62,112	102,198	62,112
VAT	63,788	21,895	63,788	21,895
Prepayments & accrued income	<u>43,707</u>	<u>2,108</u>	<u>28,384</u>	<u>2,107</u>
	<u>237,818</u>	<u>101,119</u>	<u>353,199</u>	<u>186,513</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP & CHARITABLE COMPANY

	31/8/13	31/8/12
	£	£
Bank loans and overdrafts (see note 21)	17,048	245,138
Other loans (see note 21)	37,530	35,864
Finance lease (see note 22)	-	28,043
Trade creditors	308,260	32,655
Social security and other taxes	99,304	96,718
Other creditors	140,423	322,442
Advances	<u>100,321</u>	<u>84,051</u>
	<u>702,886</u>	<u>844,911</u>

Deferred income

	2013 £
Deferred income at 1 September 2012	-
Resources deferred in the year	51,752
Amounts released from previous years	<u>-</u>
Deferred income at 31 August 2013	<u>51,752</u>

At the balance sheet date the deferred income included £25,127 of 2013/14 devolved formula capital funding and £26,625 relating to 2013/14 pupil premium.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP & CHARITABLE COMPANY

	31/8/13	31/8/12
	£	£
Bank loans (see note 21)	322,402	339,501
Other loans (see note 21)	<u>123,371</u>	<u>160,901</u>
	<u>445,773</u>	<u>500,402</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

21. LOANS

GROUP & CHARITABLE COMPANY

An analysis of the maturity of loans is given below:

	31/8/13 £	31/8/12 £
Amounts falling due within one year on demand:		
Bank overdraft	-	229,529
Bank loans	17,048	15,609
Other loans	<u>37,530</u>	<u>35,864</u>
	<u>54,578</u>	<u>281,002</u>
 Amounts falling between one and two years:		
Bank loans - 1-2 years	17,124	16,414
Other loans - 1-2 years	<u>39,272</u>	<u>37,530</u>
	<u>56,396</u>	<u>53,944</u>
 Amounts falling due between two and five years:		
Bank loans - 2-5 years	191,237	53,546
Other loans - 2-5 years	<u>84,099</u>	<u>123,371</u>
	<u>275,336</u>	<u>176,917</u>
 Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instalments	<u>114,041</u>	<u>269,541</u>

22. OBLIGATIONS UNDER LEASING AGREEMENTS

GROUP & CHARITABLE COMPANY

	Finance leases 31/8/13 £	31/8/12 £
Net obligations repayable:		
Within one year	<u>-</u>	<u>28,043</u>

The following operating lease payments are committed to be paid within one year:

	Other operating leases 31/8/13 £	31/8/12 £
Expiring:		
Between one and five years	<u>53,774</u>	<u>-</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

23. MOVEMENT IN FUNDS

GROUP & CHARITABLE COMPANY

	At 1/9/12 £	Net movement in funds £	Transfers between funds £	At 31/8/13 £
Unrestricted funds				
General fund	156,945	25,538	(23,653)	158,830
Headteachers Account	678	630	-	1,308
Synthetic Turf Pitch Sinking Fund	90,000	-	(90,000)	-
Charity Commission Fund	150,000	-	(150,000)	-
	397,623	26,168	(263,653)	160,138
Restricted funds				
Captain ED Farr (Deceased)	1,668	-	-	1,668
Leach Prize Fund	215	-	-	215
Evans Bursary	1	2	2,327	2,330
James Fox Memorial Prize	318	-	-	318
Bruse Thompson Prize	500	-	-	500
General Annual Grant (GAG)	(1,151,757)	91,170	789,886	(270,701)
Pension Reserve	(784,000)	63,000	-	(721,000)
DfE/EFA Capital Grants	876,686	59,503	11,121	947,310
Capital Expenditure from GAG	-	(5,687)	67,465	61,778
Other Restricted Fund	-	106,796	(106,796)	-
	(1,056,369)	314,784	764,003	22,418
Endowment funds				
School Funds	6,566,257	(132,115)	(500,350)	5,933,792
TOTAL FUNDS	<u>5,907,511</u>	<u>208,837</u>	<u>-</u>	<u>6,116,348</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

23. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	155,739	(130,201)	-	25,538
Headteachers Account	670	(40)	-	630
	<u>156,409</u>	<u>(130,241)</u>	<u>-</u>	<u>26,168</u>
Restricted funds				
Evans Bursary	2	-	-	2
Other DfE/EFA Grants	82,264	(82,264)	-	-
General Annual Grant (GAG)	6,018,229	(5,927,059)	-	91,170
DfE/EFA Capital Grants	167,909	(108,406)	-	59,503
Other Restricted Fund	388,486	(281,690)	-	106,796
Pension Reserve	-	(43,000)	106,000	63,000
Capital Expenditure from GAG	-	(5,687)	-	(5,687)
	<u>6,656,890</u>	<u>(6,448,106)</u>	<u>106,000</u>	<u>314,784</u>
Endowment funds				
School Funds	-	(143,767)	11,652	(132,115)
	<u>-</u>	<u>(143,767)</u>	<u>11,652</u>	<u>(132,115)</u>
TOTAL FUNDS	<u><u>6,813,299</u></u>	<u><u>(6,722,114)</u></u>	<u><u>117,652</u></u>	<u><u>208,837</u></u>

SANDBACH SCHOOL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED FOR THE YEAR ENDED 31 AUGUST 2013

23. MOVEMENT IN FUNDS - continued

Transfers between funds

Transfers from the General Annual Grant brought forward

At 31st August 2012 the accounts showed a GAG balance carried forward of deficit £1,151,757. The figure had originated in the period when the school was a "Free School" The following transfers have been made during the year to recognise the true nature of this brought forward "deficit"

£500,350 has been transferred to capital fixed assets funds being the balance remaining at 31 August 2012 on loan and finance lease financing which was used to fund major capital projects in the years before conversion.

£240,000 has been transferred to unrestricted funds which were in surplus by this amount and £106,796 has been reallocated to other restricted non GAG funding. The unrestricted funds were historic charity funds which are considered to be no longer appropriate for the school as an academy. The effect of showing these unrestricted funds in surplus was to create a corresponding deficit, this being part of the £1,151,757 noted above.

The remaining balance of £304,611 represents a pre-conversion educational funding deficit. At the 31 August 2012 the accounts included further unrestricted reserves of £157,623 resulting in a net deficit in current assets less current liabilities of £90,166. The balance sheet at 31 August 2012 shows net current liabilities of £251,028, this figure includes capital related financing creditors of £51,473. Excluding these capital items the net current liabilities at 31 August 2012 were £199,555.

At 31 August 2013 the net current liabilities were £148,986. Excluding the capital financing creditors of £54,577 the net current liabilities are £94,409, a reduction of £105,146 in net current liabilities.

As can be seen in the Cash Flow statement, there has been an overall reduction in net debt of £130,706 during the year.

The main cause of the deficit being the financing of the repayment for the capital loans discussed above.

Nature of material funds

General fund

Represents amounts derived from the trading activity of the school, from fees receivable from adult education, investment income and donations.

General Annual Grant

This represents the balance remaining from core funding provided by the EFA for the schools core educational activities.

Pension Reserve

This is the Local Government Pension Scheme deficit attributable to the school and is derived from the report of the actuary produced as at 31st August 2013.

DfE/EFA Capital Grant

This represents the value of fixed assets purchased from specific capital grants. The assets underlying the fund are the school's furniture, fixtures & fittings and computer equipment.

Capital Expenditure from GAG

This fund represents those fixed assets purchased from the general annual educational grant (GAG) as opposed to specific capital grant funding.

Other Restricted Fund

This fund represents non GAG EFA funding and other local authority funding such as adult education and related costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013

24. PENSION AND SIMILAR OBLIGATIONS

GROUP & CHARITABLE COMPANY

Local government pension scheme

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 Cheshire West & Chester 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 2004 and of the LGPS 31 August 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). 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

24. PENSION AND SIMILAR OBLIGATIONS - continued

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 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 that 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 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.

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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

24. PENSION AND SIMILAR OBLIGATIONS - continued

The total contribution made for the year ended 31 August 2013 was £204,000 of which employer's contributions totalled £156,000 and employees' contributions totalled £48,000. The agreed contribution rates for future years are 18.4 per cent for employers and 5.5 to 7.5 per cent for employees.

Financial assumptions

Principal actuarial assumptions at the balance sheet date:

	31/8/13 % p.a	31/3/12 % p.a
Inflation/pension increase rate	2.8%	2.2%
Salary increase rate	5.1%	4.5%
Expected return on assets	5.9%	4.8%
Discount rate	4.6%	4.1%

Breakdown of expected return by category of assets

	31/8/13 % p.a	31/3/12 % p.a
Equities	6.6%	5.5%
Bonds	3.5%	2.8%
Property	4.7%	3.7%
Cash	3.6%	2.8%

Mortality

Life expectancy is based on the SAPS year of birth tables, with improvements in line with the Medium Cohort and a 1% p.a underpin from 2007. Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.9 years	25.7 years
Future pensioners	24.9 years	27.7 years

Historic mortality

Life expectancies for the prior period end are based on the SAPS tables. The allowance for future life expectancies are shown below.

Period ended	Prospective Pensioners	Pensioners
	year of birth, medium cohort and 1% p.a minimum improvements from 2007	year of birth, medium cohort and 1% p.a minimum improvements from 2007
31st August 2012		

Mortality loadings are applied to the SAPS tables based on membership class.

Please note that the mortality assumptions are identical to those used in the previous accounting period.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

24. PENSION AND SIMILAR OBLIGATIONS - continued

Analysis of projected amount to be charged to the SOFA for the year to 31st August 2014

	31/8/14 £'000	31/8/14 % of pay
Projected current service cost	197	25.0%
Interest obligation	137	17.4%
Expected return on plan assets	<u>(132)</u>	<u>(16.8)</u>
Total	<u>202</u>	<u>25.6%</u>

The employers contribution for the year to 31st August 2014 is expected to be approximately £165,000.

Fair value of employer assets

	31/8/13 £'000	31/3/12 £'000
Equities	1,612	1,233
Bonds	280	260
Property	129	104
Cash	<u>129</u>	<u>139</u>
Total	<u>2,150</u>	<u>1,736</u>

The above asset values at 31st August 2013 are at a bid value as required under FRS 17.

The amounts recognised in the balance sheet are as follows:

	31/8/13 £'000	31/3/12 £'000
Fair value of employer assets	2,150	1,736
Present value of funded liabilities	<u>(2,871)</u>	<u>(2,520)</u>
Net under funded plans	(721)	(784)
Present value of unfunded liabilities	-	-
Unrecognised past service costs	<u>-</u>	<u>-</u>
Amount included in the balance sheet as liabilities	<u>(721)</u>	<u>(784)</u>
Net liabilities	<u>(721)</u>	<u>(784)</u>

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

24. PENSION AND SIMILAR OBLIGATIONS - continued

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

	31/8/13	31/3/12	31/8/13	31/3/12
	£'000	% of pay	£'000	% of pay
Current service cost	179	23.1%	162	18.2%
Interest cost	107	13.8%	154	17.3%
Expected return on employer assets	(87)	(11.3%)	(155)	(17.4%)
Past service costs	-	-	-	-
Total	199	25.6%	161	18.1%

Actual return on plan assets 256 65

The service cost figures include an allowance for administration expenses of 0.4%.

Reconciliation of defined benefit obligation:

	31/8/13 £'000	31/3/12 £'000
Opening defined benefit obligation	2,520	1,870
Current service cost	179	162
Interest cost	107	154
Contributions by members	48	57
Actuarial (gains)/ losses	64	341
Past service gains	-	-
Estimated benefits paid	(47)	(64)
Closing defined benefit obligation	2,871	2,520

Reconciliation of fair value of employer assets:

	31/8/13 £'000	31/3/12 £'000
Opening fair value of employer assets	1,736	1,490
Expected return on assets	87	155
Contributions by members	48	57
Contributions by the employer	156	188
Actuarial losses	170	(90)
Benefits paid	(47)	(64)
Closing fair value of employer assets	2,150	1,736
Total	100%	100%

SANDBACH SCHOOL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2013**

24. PENSION AND SIMILAR OBLIGATIONS - continued

Amounts for the current and previous accounting periods

	31/8/13 £'000	31/3/12 £'000
Fair Value of Employer Assets	2,150	1,736
Present Value of Defined Benefit Obligation	(2,871)	(2,520)
Surplus/(Deficit)	(721)	(784)
Experience Gains/(Losses) on Assets	170	(90)
Experience Gains/(Losses) on Liabilities	-	(22)

	31/3/11 £'000	31/3/10 £'000	31/3/09 £'000
Fair Value of Employer Assets	1,490	1,380	940
Present Value of Defined Benefit Obligation	(1,870)	(2,362)	(1,388)
Surplus/(Deficit)	(380)	(982)	(448)
Experience Gains/(Losses) on Assets	(87)	(292)	(335)
Experience Gains/(Losses) on Liabilities	275	-	-

Amounts recognised in Statement of Total Recognised Gains & Losses

	31/8/13 £'000	31/3/12 £'000
Actuarial Gains/(Losses)	106	(431)
Increase in Irrecoverable Surplus from Membership fall & other factors	-	-
Actuarial Gains/(Losses) recognised in STRGL	<u>106</u>	<u>(431)</u>
Cumulative Actuarial Gains and Losses	<u>(805)</u>	<u>(911)</u>

Increase in Irrecoverable Surplus from Membership fall & other factors

	31/3/11 £'000	31/3/10 £'000	31/3/09 £'000
Actuarial Gains/(Losses)	431	(540)	(201)
Increase in Irrecoverable Surplus from Membership fall & other factors	-	-	-
Actuarial Gains/(Losses) recognised in STRGL	<u>431</u>	<u>(540)</u>	<u>(201)</u>
	<u>(480)</u>	<u>(911)</u>	<u>(371)</u>

Unfunded benefits

There were no unfunded benefits at 31st August 2013.

The annual unfunded pensions include the 2013 pension increase.

Bulk transfers

No allowance has been made for any bulk transfer in the accounting period.

