

Registered number: 07597390

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

Trustees

Mr P Irons, Chair¹
Mrs P Wilson, Vice Chair¹
Dr S Ahmed
Mr S Battlemuch
Mr P Drysdale¹
Mr D Fensome (appointed 22 November 2013)
Mr N Goforth (appointed 11 December 2013)
Mrs R Hudlin (appointed 5 February 2014)
Mr A Hunt¹
Mr A Ishaque
Mrs E Jackson (appointed 22 November 2013)
Mr N Jackson¹
Mr P Jones (resigned 12 September 2013)
Mrs L Kingston
Mrs T Rees, Prinicpal (appointed 1 September 2014)
Miss A Saunders
Mr G Singh (appointed 22 November 2013)
Mr N Singh¹
Ms A Smart-Gosrani
Mrs S Taylor
Mr H Vara (resigned 9 October 2013)
Mr D Walker¹
Mrs A Witheford, Principal (resigned 31 August 2014)¹

¹ Members of the Strategic and Finance Planning Committee

Members

Mr A Hunt (Appointed 11 December 2013)
Mr P Irons
Mr N Singh (Chair)
Mrs S Taylor (Appointed 11 December 2013)
Mr D Walker (Appointed 11 December 2013)
Mrs P Wilson
Mrs A Witheford (Resigned 31 August 2014)

Company registered number

07597390

Principal and registered office

The Fernwood Academy Trust
Goodwood Road
Nottingham
Nottinghamshire
NG8 2FT

Company secretary

Mr P Robinson

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Administrative details (continued)

Senior management team

Mrs A Witheford, Principal to 31 August 2014
Mrs T Rees, Principal from 1 September 2014
Mr D Rowe, Deputy Principal
Mr A Baldwin, Assistant Principal
Mrs J Eldridge, Assistant Principal
Mr K Mayle, Assistant Principal
Mrs M Morrill, Assistant Principal
Mr S Roe, Assistant Principal

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds TSB
Old Market Square
Nottingham
Nottinghamshire
NG1 6FD

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The governors present their annual report together with the financial statements and Auditor's Report of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 24 to 27 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005') and the Academies Financial Handbook.

The Fernwood Academy Trust was incorporated on 8 April 2011. The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Nottingham. It has pupil capacity of 1,000 and had a roll of 1,013 in the school census in Autumn 2013.

Structure, governance and management

a. CONSTITUTION

The Fernwood Academy Trust is a company limited by guarantee with no share capital (registration no. 07597390). With effect from 1 May 2011 the charity became an exempt charity with the Department for Education (DfE) as the principal regulator. The charitable company's memorandum and articles of association are the prime governing documents of The Fernwood Academy Trust. The governors (other than associate governors) are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation. The charitable company is known as The Fernwood Academy.

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

b. MEMBERS' LIABILITY

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

c. GOVERNORS' INDEMNITIES

During the period, an indemnity from the Charitable Company was available to the governors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association. The Trust has purchased Governors Liability Insurance with an aggregate limit of £2,000,000, the policy also covers staff and forms part of the Professional Indemnity policy held by the academy, at the cost of £8,411.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

Governors are appointed as set out in the articles of association.

The term of office for any governor shall be 4 years, save that this time limit shall not apply to the principal. Subject to eligibility any governor may be reappointed or re-elected.

- The Trust can appoint 1 governor

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

- The Local Authority appoints 1 governor
- The governing body appoints 2 Partnership governors and 5 Community governors
- 7 governors are elected parent governors
- 3 governors are elected staff governors
- 3 further co-opted governors can be appointed by the governing body
- The Principal is an ex-officio governor.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The training and induction provided for new governors will depend on their existing experience. In brief, appropriate training and support is provided to governors throughout their membership in appropriate areas, for example, induction, or specific areas such as pupil discipline, finance, complaints and admissions. This programme is supplemented by structured governor visits, including giving governors a chance to meet staff and students and tour the school. All governors are provided with copies of policies, procedures, minutes, accounts, budget and other documents that they will need to undertake their role as governor.

f. ORGANISATIONAL STRUCTURE

The governing body normally meets 6 times each year. The governing body establishes an overall framework for the governance of the academy and agrees membership of committees. It receives reports, from its committees for approval. It monitors the activities of the committees through the minutes of their meetings. It also establishes the terms of reference for its committees.

The governing body is responsible for setting strategy and general policy, adopting an annual plan and budget, monitoring the academy's use of funds and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Principal has responsibility for the day to day management of the academy. The Principal is the accounting officer.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Nottingham City Secondary Education Partnership (NCSEP)

The Fernwood Academy Trust plays a leading role as an "outstanding school" in supporting other secondary schools in the city. This has involved the Principal chairing the Partnership, employing staff on behalf of the Partnership and supporting the Partnership with its day to day financial management and budgeting. NCSEP was transferred from The Fernwood Academy, including all staffing to another Academy Trust from 1st July 2014.

The Fernwood Academy Trust has no related party relationships. This is reviewed on an annual basis at the first governors meeting of the academic year.

h. RISK MANAGEMENT

The Governors are responsible for the management of risks to which the academy is exposed, and have undertaken a review of risks associated with its activities. Governors have taken steps to mitigate likely risk and to ensure regular monitoring of the primary areas of potential risk.

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

Objectives and Activities

a. OBJECTS AND AIMS

The principal object of The Fernwood Academy Trust is to advance, for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on care and discipline. In setting our objectives and planning our activities the governors have given careful consideration to the charity commission's general guidance on public benefit.

In accordance with The Fernwood Academy Trust's funding agreement, arrangements are made to meet the conditions of grant on such matters as admissions, exclusions, arrangements for pupils with special educational needs (SEN) and the curriculum.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Fernwood Academy Trust's main strategy is encompassed in its vision and ethos which is to ensure that the academy is one where everybody will achieve the highest standards. In particular we aim to:

- challenge every pupil to raise their aspirations and excel in academic achievements
- instill in pupils the values and characteristics necessary to become successful, confident and responsible members of society
- teach pupils the values of self-discipline, resilience and endeavour in order to become life-long learners
- prepare pupils to participate in and contribute to a society with ever changing scientific, technical and international needs.

To this end the activities that will be provided include to:

- establish a broad, balanced and innovative curriculum which integrates theory, practice and has enterprise and 'learning by doing' at its core
- be relentlessly focussed on developing the potential of all students, helping them learn for themselves and then support others
- foster creativity and initiative, encouraging everyone to aim for excellence in all they do.
- build pride by valuing each and every individual and equipping them to take responsibility for their own actions
- provide a range of additional enrichment activities for every student beyond the normal academy day
- build strong partnerships with parents, carers, employers and the local community, with the academy becoming a centre of learning for the local community
- work with a range of partners, including business, together with further and higher education to enhance the curriculum, provide work placements and to build strong employability skills
- recruit, retain and develop high quality, enterprising and open minded staff that are positive, cooperative and contributing members of the local community and make best use of existing and new staff expertise
- make extensive and innovative use of well designed ICT to engage learners and improve teaching and administration.

c. PUBLIC BENEFIT

The governors have given consideration to the guidance on public benefit published by the Charity Commission.

The main public benefit delivered by The Fernwood Academy Trust is the maintenance and development of a quality education by the school. It is the governors' aim to deliver outstanding learning to all its students during the journey of improvement towards excellence.

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GOVERNORS' REPORT (continued)
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d. EQUAL OPPORTUNITIES POLICY

The governors recognise that equal opportunities should be an integral part of good practice within the work place. The Fernwood Academy Trust aims to establish equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

STRATEGIC REPORT

Achievements and performance

a. GOING CONCERN

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

b. REVIEW OF ACTIVITIES (INCLUDING KEY PERFORMANCE INDICATORS)

This is Fernwood School's third annual report since converting to academy status on 1st May 2011. During the reporting year the following achievements, developments, proposals and aspirations were secured, discussed and implemented:-

Last year's report indicated that initial arrangements were in place to recruit a successor to Mrs Witheford as Head Teacher. Those arrangements came to fruition with the appointment of Mrs Tracy Rees as Head Teacher following a rigorous recruitment exercise. Mrs Rees took up her post on 1st September 2014.

Arising from discussions on the Head Teacher appointment process and also from national developments that appeared to bring the continued operation of the single academy converter model into sharper focus, the Trust formally articulated its future strategy direction in the following terms; to retain Fernwood's autonomous position as a single academy converter with no wish to manage other schools to academy status, to resist any proposals involving Fernwood being absorbed into a multi-academy Trust and to work to continue and further develop partnership and support arrangements that reflect the above strategy and in order to fulfil obligations placed on outstanding schools. This strategy was further refined during the course of the year into; continuing current Leading Edge partnerships, developing a Lead Practitioner arrangement with a local University, facilitating networks with City schools and fulfilling the expectations placed on outstanding schools to support other schools by working with a local Teaching School Alliance (the latter aspect being a key component in retaining outstanding status).

Positioning the Academy to be able to respond to the significant changes in Key Stage 4 qualifications effective from 2016. The current headline measure of 5 A*-C GCSEs (including English and maths) will be replaced by Progress 8 and Attainment 8 measures which would focus more on pupils' progress relative to their starting point on entry to the school. Curriculum revisions had been made to respond to these changes and such proposals were shared with, and endorsed by, the Governing Body.

Alongside the academic developments referred to in the preceding point, the Academy has also rolled-out a concept known as the Fernwood Award. This is a unique programme that acknowledges pupil development beyond academic qualification and provides accreditation in all-round skills. The intention is to share and

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GOVERNORS' REPORT (continued)
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promote the Award with destination 6th form colleges and other educational institutions with the aim that future employers would come to regard the Award as credible evidence of an individual pupil's balanced skills set.

Regular review of management accounts for the 2013/14 budget and prompt response to Responsible Officer audit findings.

Approval of a balanced budget for 2014/15 in the light of reductions in income which still, due to the prudent approach taken, was projected to produce a sizeable carry forward into 2014/15.

The production of a medium term budget plan projecting forward to 2016/17 which identified the financial risks facing the Academy over this period. This exercise had identified the risk of a funding gap emerging, generally due to reductions in income, and in these circumstances additional internal challenge was being applied to all aspects of the budget, particularly on pupil numbers, staffing costs and ICT provision in order to close this gap. To enhance this monitoring from a Governor perspective, the Chair of the Finance Committee undertook to carry out this role with effect from October 2014.

Further consideration of the most appropriate way to deliver the finance function for the Academy, with the decision being taken to outsource the function for the 2014 financial year, to be reviewed during 2014/15.

The focus on improving the Academy buildings and estate through significant capital investment continued in the year with developments including the extension and refurbishment of the SEN/library block and the upgrading of the heating system in the main block. The Governing Body noted that in the last 15 years some £11m had been secured to improve the school estate and that in the last 3/4 years in particular much of the "lost" BSF funding had been secured through other sources.

Continuing to operate as an Own Admissions Authority. The Academy continues to be popular and heavily over-subscribed with applications (573 for intake in 2014/15, compared to 542 in 2013/14). Admissions for 2014/15 were ranked in accordance with the approved admissions arrangements. Further internal rigour continues to be added to the process in checking applications. This applies also to in-year applications which the Trust continues to administer internally. Any appeals against admission decisions are processed in accordance with the 2012 School Admissions Appeals Code and the Trust contracts with Nottinghamshire County Council who provide a Clerked Appeals Service. In the reporting year, the Governing Body undertook a consultation exercise on admission arrangements for 2015/16 and, at its conclusion, introduced (determined) revised arrangements for 2015/16 that would allow priority in the oversubscription criteria to be given to children of staff at the school.

2014 GCSE results of 68% 5 A* - C, including English and maths, and 78% 5 A* - C. Solid performance had been achieved with some very notable successes contained within the figures, however, notwithstanding this, it had been acknowledged by the Governing Body at its first meeting in 2014/15 that results had dipped from 2013 when the figures were 74% and 87% respectively. The attainment of Pupil Premium students was better in 2014 than in the previous year with the gap in the headline figure between Pupil Premium and non-Pupil Premium students closing from 32% in 2013 to 25% this year. At the time of writing this report information was not available to benchmark these outcomes against national and local statistics. At its first meeting in the new academic year the Governing Body requested further information on the reasons behind the above figures and would consider the issue further, including Academy action to retrieve the situation, when comparative data was available later in the autumn term.

Following on from work begun in the previous year final approval and adoption of teachers' pay, appraisal and capability policies.

Governor training continues to be provided for Governors to carry out their responsibilities in an informed manner.

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GOVERNORS' REPORT (continued)
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a. FINANCIAL REVIEW

The academy's main funding source is the General Annual Grant (GAG) received monthly from the Education Funding Agency (EFA). The academy also generates additional income through its catering operation and secondment of staff for partnership working. During the period the academy also secured capital funding to support the on-going capital works. Revenue funding is mainly used to employ educational staff and procure educational resources for the school and its pupils.

The academy's financial position at the end of the period is £9,926,336; of which £10,408,533 is restricted fixed asset funds, leaving a total deficit reserve balance of both general restricted and unrestricted funds of (£482,197); this is due to the LGPS deficit of (£1,359,000). However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £876,803, of which £392,901 is restricted funding and £483,902 is unrestricted funding.

b. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Given the nature of the academy's operations and financing, the financial risks faced by the academy are limited. The academy manages such risks by ensuring an adequate level of reserves is maintained to deal with unexpected events. The academy also carefully monitors and manages cash flow through the year including working capital requirements.

A liability £1.359m is shown in the academy balance sheet in respect of the local government pension scheme. The academy does not expect to have to fund the deficit other than in the normal course of making contributions to the pension fund. The risk to the academy is that if the deficit increases so too will the amount of pension contributions the academy is required to make. However this risk may be mitigated by any future proposed reform of the pension scheme.

The academy maintains a three year financial plan, which considers various funding scenarios and how these can be managed and planned for.

The academy's risk management policy requires the governors to assess the major risks to which the trust will be exposed and consider how the risks can be managed and mitigated.

c. PRINCIPAL RISKS AND UNCERTAINTIES

Capital works

The academy requires large amounts of building and maintenance work, due to the buildings that house the academy being old and, in some cases, quite frail. It is difficult to assess what health and safety issues will emerge throughout the year and cost can build up. The building/maintenance work is continuous and can lead to disruption of pupils and staff. These risks are managed through the academy holding a large reserve and timing building/maintenance works to be scheduled for completion out of school hours and during the holidays where practical.

Funding

The Department for Education (DfE) is working towards a national funding formula for schools and has also introduced the Education Services Grant, these changes guarantee the academy will lose at a minimum 1.5% funding per pupil per annum over the medium term. The academy is mitigating this risk by holding a healthy reserve which will support the academy as the funding reduces.

Child protection and welfare issues

This is managed through having clear child protection and health and safety policies; Adherence to statutory recruitment procedures including CRB checks; child protection training for all staff; conducting external child protection and health and safety audits and implementing any recommendations. The academy employs a

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GOVERNORS' REPORT (continued)
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dedicated child protection officer and retains the services of a strategic health and safety advisor.

d. RESERVES POLICY

The academy held total reserves of £9,926,336 including £10,408,533 in fixed asset reserves.

A deficit of £966,099 has arisen on the General Restricted Fund. This is due to the deficit of £1,359,000 on the Local Government Pension Scheme ("LGPS") which is allocated to this fund. The LGPS liability will not crystallise immediately and, as a consequence, any following commentary with regard to the Restricted General Fund excludes the LGPS deficit.

The governors have set a reserves policy as follows:

- Maintain £300,000 in reserves in order to cover any unexpected urgent expenditure requirements
- Maintain sufficient reserves to cover the cost of replacing the academy's existing ICT equipment and buildings when they come to the end of their useful life.

The reserves policy excludes fixed asset reserves. It also excludes any deficit in respect of the pension liability.

Balances as at 31st August 2014 exceeded those required to be held under the reserves policy.

e. INVESTMENT POLICY

The academy operates an investment policy that seeks to maximise returns, commensurate with a very low risk profile.

Plans for future periods

a. FUTURE DEVELOPMENTS

In accordance with the aims and objectives of The Fernwood Academy Trust, the academy will continue to sharply focus on, and drive, improvements in the levels of performance of its students at all levels and will continue to ensure that all students progress to further and higher education.

The academy will continue to develop outstanding teaching and learning as identified by "Ofsted" April 2012 by attracting, recruiting and developing outstanding teachers and leaders. This will be achieved by further developing the school's professional development road map.

The academy will push boundaries in relation to curriculum innovation. In particular it seeks to focus on the use of new technology to expand the areas of science, engineering, maths and computing.

The specific focus for 2014-15

- Improve outcomes for all students with a particular focus on narrowing the gap in achievement between advantaged and disadvantaged students
- Further enhance provision for, and the achievement of students who enter the school below L4 in mathematics and reading and for those students who have special educational needs and/or disabilities.
- Improve communication with parents by establishing a more effective school website
- Continue to develop the school curriculum in light of government changes to the National Curriculum and external examinations
- Strengthen partnership work with other schools, LEAD and Nottingham Universities
- Improve the fabric and condition of the building and addressing urgent Health and Safety concerns

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

- Review the current Published Admissions Number (PAN).
-

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

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

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



Mr P Irons
Chair of the Governing Body

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Fernwood Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The board of governors has formally met 8 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mr P Irons, Chair	8	8
Mrs P Wilson, Vice Chair	7	8
Dr S Ahmed	8	8
Mr S Battlemuch	4	8
Mr P Drysdale	6	8
Mr D Fensome	3	6
Mr N Goforth	3	5
Mrs R Hudlin	4	4
Mr A Hunt	6	8
Mr A Ishaque	4	8
Mrs E Jackson	6	6
Mr N Jackson	8	8
Mr P Jones	0	1
Mrs L Kingston	6	8
Mrs T Rees, Prinicpal	0	0
Miss A Saunders	8	8
Mr G Singh	4	6
Mr N Singh	4	8
Ms A Smart-Gosrani	7	8
Mrs S Taylor	4	8
Mr H Vara	0	2
Mr D Walker	6	8
Mrs A Witheford, Principal	8	8

Governance reviews:

As a single converter academy and, in accordance with the Trust's Articles of Association, the Governing Body reviews its governance structure on an annual basis. In the reporting period the Trust also gave some initial consideration to developing its strategic role and a position statement was agreed in this respect. A Governor skills audit is currently under way (the outcome to be reported in December 2014) and a formal self-review will be undertaken during 2014/15.

The Strategic and Financial Planning Committee is a sub-committee of the main board of governors. Part of its remit is to consider all financial management, internal control and budgeting matters and advise the Governing Body on appropriate courses of actions in relation to these matters.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Mr P Irons, Chair	3	3
Mr P Drysdale	1	3
Mr A Hunt	3	3
Mr N Jackson	3	3
Mr N Singh	1	3
Mr D Walker	1	2
Mrs P Wilson, Vice Chair	2	3
Mrs A Witheford, Principal	3	3

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Fernwood Academy Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The board of governors has considered the need for a specific internal audit function and has decided to appoint Hobsons (Chartered Accountants) as internal auditor.

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GOVERNANCE STATEMENT (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the internal auditor reports to the board of governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The governors confirm the internal auditor has delivered their schedule of work as planned. Minor control matters identified by the review at the start of the academic year have now been remedied by the finance function and there are no material issues to report.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Strategic and Financial Planning Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 10 December 2014 and signed on its behalf, by:


Mr P Irons
Chair of the Governing Body


Mrs T Rees
Principal and Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Fernwood Academy Trust I have considered my responsibility to notify the academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy board of governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2013).

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



Mrs T Rees
Principal and Accounting Officer

Date: 10 December 2014

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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Governors (who act as governors of The Fernwood Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the governing body on 10 December 2014 and signed on its behalf by:



Mr P Irons
Chair of the Governing Body

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE FERNWOOD ACADEMY TRUST

We have audited the financial statements of The Fernwood Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

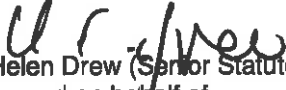
THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE FERNWOOD ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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


Helen Drew (Senior Statutory Auditor)
for and on behalf of
Crowe Clark Whitehill LLP
Senior Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
16 December 2014

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
FERNWOOD ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 11 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Fernwood Academy Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE FERNWOOD ACADEMY TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Fernwood Academy Trust's funding agreement with the Secretary of State for Education dated 21 April 2011, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
FERNWOOD ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe Clark Whitehill LLP
Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

16 December 2014

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	6,791	2,000	-	8,791	3,424
Activities for generating funds	3	480,242	-	-	480,242	435,583
Investment income	4	2,255	-	-	2,255	6,672
Incoming resources from charitable activities	5	152,593	6,023,590	485,375	6,661,558	7,108,018
TOTAL INCOMING RESOURCES		641,881	6,025,590	485,375	7,152,846	7,553,697
RESOURCES EXPENDED						
Activities for generating funds:						
Fundraising expenses and other costs		450,627	-	-	450,627	440,215
Charitable activities		126,644	5,998,918	345,498	6,471,060	6,296,927
Governance costs	10	-	20,020	-	20,020	17,765
TOTAL RESOURCES EXPENDED	6	577,271	6,018,938	345,498	6,941,707	6,754,907
NET INCOMING RESOURCES BEFORE TRANSFERS		64,610	6,652	139,877	211,139	798,790

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	19	-	(207,910)	207,910	-	-
NET INCOME FOR THE YEAR		64,610	(201,258)	347,787	211,139	798,790
Actuarial gains and losses on defined benefit pension schemes		-	93,000	-	93,000	(47,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		64,610	(108,258)	347,787	304,139	751,790
<i>Total funds at 1 September 2013</i>		<i>419,292</i>	<i>(857,841)</i>	<i>10,060,746</i>	<i>9,622,197</i>	<i>8,870,407</i>
TOTAL FUNDS AT 31 AUGUST 2014		483,902	(966,099)	10,408,533	9,926,336	9,622,197

All activities relate to continuing operations.

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

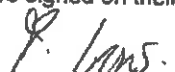
The notes on pages 24 to 43 form part of these financial statements.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07597390

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	15		10,191,992		10,060,746
CURRENT ASSETS					
Stocks	16	19,013		11,870	
Debtors	17	248,794		979,570	
Cash at bank and in hand		1,086,040		967,480	
		<u>1,353,847</u>		<u>1,958,920</u>	
CREDITORS: amounts falling due within one year	18	<u>(260,503)</u>		<u>(1,056,469)</u>	
NET CURRENT ASSETS			<u>1,093,344</u>		<u>902,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,285,336</u>		<u>10,963,197</u>
Defined benefit pension scheme liability	25		<u>(1,359,000)</u>		<u>(1,341,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>9,926,336</u>		<u>9,622,197</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	19	392,901		483,159	
Restricted fixed asset funds	19	10,408,533		10,060,746	
Restricted funds excluding pension liability		<u>10,801,434</u>		<u>10,543,905</u>	
Pension reserve		<u>(1,359,000)</u>		<u>(1,341,000)</u>	
Total restricted funds			<u>9,442,434</u>		<u>9,202,905</u>
Unrestricted funds	19		<u>483,902</u>		<u>419,292</u>
TOTAL FUNDS			<u>9,926,336</u>		<u>9,622,197</u>

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


Mr P Irons
Chair of Trustees

The notes on pages 24 to 43 form part of these financial statements.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	21	107,710	(306,609)
Returns on investments and servicing of finance	22	2,255	8,672
Capital expenditure and financial investment	22	8,595	(80,510)
INCREASE/(DECREASE) IN CASH IN THE YEAR		118,560	(378,447)

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

	2014 £	2013 £
Increase/(Decrease) in cash in the year	118,560	(378,447)
MOVEMENT IN NET FUNDS IN THE YEAR	118,560	(378,447)
Net funds at 1 September 2013	967,480	1,345,927
NET FUNDS AT 31 AUGUST 2014	1,086,040	967,480

The notes on pages 24 to 43 form part of these financial statements.

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

1.5 Resources expended

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

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

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

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

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

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

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	=	2%
Furniture and equipment	-	20%
Computer equipment	-	33.3%

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the lower of cost or net realisable value.

1.9 Taxation

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.11 Recognition of liabilities

Liabilities are only recognised when the academy has an obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	<u>6,791</u>	<u>2,000</u>	<u>8,791</u>	<u>3,424</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Catering income	134,813	-	134,813	119,886
Hire of facilities	19,254	-	19,254	1,006
Uniform sales	35,286	-	35,286	19,709
Staff consultancy	290,889	-	290,889	294,982
	<u>480,242</u>	<u>-</u>	<u>480,242</u>	<u>435,583</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	<u>2,255</u>	<u>-</u>	<u>2,255</u>	<u>6,672</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Funding for educational operations	-	6,508,965	6,508,965	6,919,510
School trip income	83,378	-	83,378	108,269
Other incoming resources	69,215	-	69,215	80,239
	<u>152,593</u>	<u>6,508,965</u>	<u>6,661,558</u>	<u>7,108,018</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
General Annual Grant (GAG)	-	5,713,306	5,713,306	5,793,575
Capital grants	-	485,375	485,375	877,468
Other DfE/EFA grants	-	238,759	238,759	184,021
Special Educational Projects	-	22,660	22,660	19,338
Local Authority grants	-	-	-	30,000
Other educational funding	-	48,865	48,865	15,108
	<u>-</u>	<u>6,508,965</u>	<u>6,508,965</u>	<u>6,919,510</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

6. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2014 £	Depreciation 2014 £	Other costs 2014 £	2014 £	2013 £
Activities for generating funds	335,260	-	115,367	450,627	440,215
Costs of generating funds	335,260	-	115,367	450,627	440,215
Funding for educational operations - direct costs	4,334,184	345,498	540,337	5,220,019	4,860,403
Other educational activities - direct costs	-	-	126,494	126,494	142,191
Funding for educational operations - support costs	443,550	-	680,847	1,124,397	1,294,333
Other educational activities - support costs	-	-	150	150	-
Charitable activities	4,777,734	345,498	1,347,828	6,471,060	6,296,927
Governance	-	-	20,020	20,020	17,765
	5,112,994	345,498	1,483,215	6,941,707	6,754,907

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia/compensation payments	30,204	30,204	Voluntary redundancy in view of reducing the Senior Leadership Team

7. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	Total
	2014 £	2014 £	2014 £	2013 £
Funding for educational operations	5,220,019	1,124,397	6,344,416	6,154,736
Other educational activities	126,494	150	126,644	142,191
	5,346,513	1,124,547	6,471,060	6,296,927

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

8. DIRECT COSTS

	Funding for educational operations £	Other educational activities £	Total 2014 £	Total 2013 £
Educational supplies	350,149	4,551	354,700	318,673
Examination fees	70,721	-	70,721	69,390
Staff development	15,624	-	15,624	28,205
Educational consultancy	54,717	325	55,042	2,296
Other direct costs	3,396	119,853	123,249	143,155
Technology costs	39,800	1,765	41,565	81,563
Travel and subsistence	5,930	-	5,930	3,986
Teaching and educational support staff costs	3,582,013	-	3,582,013	3,351,302
National insurance	281,350	-	281,350	267,014
Pension cost	470,821	-	470,821	433,874
Depreciation	345,498	-	345,498	303,136
	<u>5,220,019</u>	<u>126,494</u>	<u>5,346,513</u>	<u>5,002,594</u>

9. SUPPORT COSTS

	Funding for educational operations £	Other educational activities £	Total 2014 £	Total 2013 £
(Profit) / loss on disposal of Fixed Assets	36	-	36	(400)
Insurance	51,049	-	51,049	70,242
Technology costs	20,300	-	20,300	39,955
Water Rates	11,279	-	11,279	11,465
Maintenance of equipment	-	-	-	13,272
Recruitment and support	60,938	-	60,938	36,436
Maintenance of premises	93,360	-	93,360	229,684
Cleaning	6,951	-	6,951	8,104
Rates	24,564	-	24,564	37,279
Operating lease rentals	16,400	-	16,400	16,400
Security	528	-	528	6,563
Energy	102,492	-	102,492	83,509
Bank charges	135	-	135	30
Other support costs	200,424	150	200,574	164,647
Pension finance charge	54,000	-	54,000	40,000
Transport	19,012	-	19,012	16,894
Other occupancy costs	19,166	-	19,166	19,140
Travel and subsistence	213	-	213	356
Support staff wages and salaries	337,458	-	337,458	391,505
National insurance	17,113	-	17,113	21,323
Pension cost	88,979	-	88,979	87,929
	<u>1,124,397</u>	<u>150</u>	<u>1,124,547</u>	<u>1,294,333</u>

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10. GOVERNANCE COST

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total 2013 £
Auditors' remuneration:				
Audit of financial statements	-	12,978	12,978	12,600
Other audit costs	-	4,272	4,272	3,125
Legal and professional fees	-	370	370	-
Internal audit costs	-	2,400	2,400	2,040
	-	<u>20,020</u>	<u>20,020</u>	<u>17,765</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	4,144,127	3,954,353
Social security costs	320,085	310,597
Other pension costs (Note 25)	591,624	561,241
	<u>5,055,836</u>	<u>4,826,191</u>
Supply teacher costs	57,158	68,351
	<u>5,112,994</u>	<u>4,894,542</u>

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	74	65
Administration and support	38	41
Management	8	7
	<u>120</u>	<u>113</u>

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11. STAFF (continued)

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	2	2
In the band £120,001 - £130,000	1	1
	<u>3</u>	<u>3</u>

The 3 (2013: 3) employees above participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £35,278 (2013: £36,249).

12. GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments from the academy in respect of their role as Governors. The value of Governors' remuneration was £284,656 (2013: 255,745). The amounts are inclusive of employers' pension contributions.

	2014 £	2013 £
A Witherford (Principal) *	140,000 - 145,000	140,000 - 145,000
L Kingston (Staff Governor)	50,000 - 55,000	50,000 - 55,000
Miss A Saunders (Staff Governor)	20,000 - 25,000	20,000 - 25,000
Mr N Jackson (Staff Governor)	35,000 - 40,000	35,000 - 40,000

During the year, no Governors received any reimbursement of expenses (2013 - £NIL).

Interests in transactions

No governors had interests in transactions undertaken by the academy.

13. NET INCOMING RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	345,498	303,135
Auditor's remuneration	12,978	12,600
Operating lease rentals	16,400	16,400
	<u>374,876</u>	<u>332,135</u>

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14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £8,144. The cost of this insurance is included in the total insurance cost.

15. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2013	10,039,538	180,049	430,950	10,650,537
Additions	402,316	13,604	60,860	476,780
Disposals	-	-	(107)	(107)
At 31 August 2014	<u>10,441,854</u>	<u>193,653</u>	<u>491,703</u>	<u>11,127,210</u>
Depreciation				
At 1 September 2013	335,557	34,444	219,790	589,791
Charge for the year	174,655	40,744	130,099	345,498
On disposals	-	-	(71)	(71)
At 31 August 2014	<u>510,212</u>	<u>75,188</u>	<u>349,818</u>	<u>935,218</u>
Net book value				
At 31 August 2014	<u>9,931,642</u>	<u>118,465</u>	<u>141,885</u>	<u>10,191,992</u>
At 31 August 2013	<u>9,703,981</u>	<u>145,605</u>	<u>211,160</u>	<u>10,060,746</u>

Included in land and buildings is freehold land at valuation of £1,709,000 which is not depreciated.

16. STOCKS

	2014 £	2013 £
Finished goods and goods for resale	<u>19,013</u>	<u>11,870</u>

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17. DEBTORS

	2014	2013
	£	£
Trade debtors	37,907	361,315
VAT recoverable	101,842	477,786
Other debtors	11,415	2,751
Prepayments and accrued income	97,630	137,718
	248,794	979,570
	248,794	979,570

18. CREDITORS:
Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	57,787	864,194
Other taxation and social security	86,700	96,078
Other creditors	19,768	13,532
Accruals and deferred income	96,248	82,665
	260,503	1,056,469
	260,503	1,056,469

		£
Deferred income		
Deferred income at 1 September 2013		27,221
Resources deferred during the year		65,777
Amounts released from previous years		(27,221)
		65,777
Deferred income at 31 August 2014		65,777

Deferred income represents SEN grants and rates grants which relate to the 2014/15 academic, and financial, year.

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19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	419,292	641,881	(577,271)	-	-	483,902
Restricted funds						
General Annual Grant (GAG)	483,159	5,952,065	(5,834,413)	(207,910)	-	392,901
Other Dfe/EFA Grants	-	73,525	(73,525)	-	-	-
Pension reserve	(1,341,000)	-	(111,000)	-	93,000	(1,359,000)
	<u>(857,841)</u>	<u>6,025,590</u>	<u>(6,018,938)</u>	<u>(207,910)</u>	<u>93,000</u>	<u>(966,099)</u>
Restricted fixed asset funds						
Fixed assets transferred in on conversion	7,776,623	-	(345,498)	-	-	7,431,125
Dfe/EFA Capital Grants	1,653,463	485,375	-	-	-	2,138,838
Capital expenditure from GAG	630,660	-	-	207,910	-	838,570
	<u>10,060,746</u>	<u>485,375</u>	<u>(345,498)</u>	<u>207,910</u>	<u>-</u>	<u>10,408,533</u>
Total restricted funds	<u>9,202,905</u>	<u>6,510,965</u>	<u>(6,364,436)</u>	<u>-</u>	<u>93,000</u>	<u>9,442,434</u>
Total of funds	<u><u>9,622,197</u></u>	<u><u>7,152,846</u></u>	<u><u>(6,941,707)</u></u>	<u><u>-</u></u>	<u><u>93,000</u></u>	<u><u>9,926,336</u></u>

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

The General Annual Grant, and Other Dfe/EFA grants relate to government funding for the provision of education by the academy.

Other restricted funds includes grants received from Local Authorities and private organisations for specific educational projects, such as Special Educational Needs.

Transfers between funds relate to amounts expended on fixed assets from the EFA grant which have been used for the acquisition of fixed assets during the year.

The gain of £93,000 is an actuarial gain on the defined benefit pension scheme.

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19. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	419,292	641,881	(577,271)	-	-	483,902
Restricted funds	(857,841)	6,025,590	(6,018,938)	(207,910)	93,000	(966,099)
Restricted fixed asset funds	10,060,746	485,375	(345,498)	207,910	-	10,408,533
	<u>9,622,197</u>	<u>7,152,846</u>	<u>(6,941,707)</u>	<u>-</u>	<u>93,000</u>	<u>9,926,336</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	10,191,992	10,191,992	10,060,746
Current assets	483,902	653,404	216,541	1,353,847	1,958,920
Creditors due within one year	-	(260,503)	-	(260,503)	(1,056,469)
Provisions for liabilities and charges	-	(1,359,000)	-	(1,359,000)	(1,341,000)
	<u>483,902</u>	<u>(966,099)</u>	<u>10,408,533</u>	<u>9,926,336</u>	<u>9,622,197</u>

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21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	211,139	798,790
Returns on investments and servicing of finance	(2,255)	(8,672)
Depreciation of tangible fixed assets	345,498	303,135
Deficit on disposal of tangible fixed assets	36	-
Capital grants from DfE	(485,375)	(887,468)
Increase in stocks	(7,143)	(11,870)
Decrease/(increase) in debtors	730,776	(662,291)
(Decrease)/increase in creditors	(795,966)	69,767
Defined benefit pension liability - pension cost less contributions payable	57,000	52,000
Defined benefit pension liability - pension finance cost/(income)	54,000	40,000
Net cash inflow/(outflow) from operations	107,710	(306,609)

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	2,255	8,672
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(476,780)	(968,578)
Sale of tangible fixed assets	-	600
Capital grants from DfE	485,375	887,468
Net cash inflow/(outflow) capital expenditure	8,595	(80,510)

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	967,480	118,560	-	1,086,040
Net funds	967,480	118,560	-	1,086,040

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24. CAPITAL COMMITMENTS

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

	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>563,904</u>	<u>435,337</u>

25. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

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

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

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25. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £152,000, of which employer's contributions totalled £114,000 and employees' contributions totalled £38,000. The agreed contribution rates for future years are 18% for employers and 5.5% - 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the

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25. PENSION COMMITMENTS (continued)

Department for Education. The guarantee came into force on 18 July 2013.

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,829,000)	(2,393,000)
Fair value of scheme assets	1,470,000	1,052,000
Net liability	(1,359,000)	(1,341,000)

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £	2013 £
Current service cost	171,000	143,000
Interest on obligation	117,000	83,000
Expected return on Scheme assets	(63,000)	(43,000)
Total	225,000	183,000
Actual return on scheme assets	116,000	125,000

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

	2014 £	2013 £
Opening defined benefit obligation	2,393,000	2,070,000
Contributions by scheme participants	38,000	34,000
Actuarial Losses	133,000	128,000
Current service costs	171,000	143,000
Losses on curtailments	-	11,000
Benefits paid	(23,000)	(76,000)
Interest cost	117,000	83,000
Defined benefit obligation transferred in on conversion	-	-
Closing defined benefit obligation	2,829,000	2,393,000

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25. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	1,052,000	868,000
Actuarial gains and (losses)	226,000	81,000
Contributions by employer	114,000	102,000
Contributions by employees	38,000	34,000
Expected return on assets	63,000	43,000
Benefits paid	(23,000)	(76,000)
	<u>1,470,000</u>	<u>1,052,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £291,000 (2013 - £384,000).

The academy expects to contribute £114,000 to its Defined Benefit Pension Scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	72.00 %	71.00 %
Gilts	6.00 %	9.00 %
Other bonds	7.00 %	4.00 %
Property	11.00 %	12.00 %
Cash	4.00 %	2.00 %
Other	- %	2.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Rate of increase in salaries	4.40 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.90 %
Inflation assumption (CPI)	2.60 %	2.90 %
RPI Increases	3.40 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.0	18.7
Females	25.1	22.8
Retiring in 20 years		
Males	24.1	20.7
Females	27.4	24.6

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25. PENSION COMMITMENTS (continued)

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(2,829,000)	(2,393,000)	(2,070,000)
Scheme assets	1,470,000	1,052,000	868,000
Deficit	(1,359,000)	(1,341,000)	(1,202,000)
Experience adjustments on scheme liabilities	(107,000)	-	-
Experience adjustments on scheme assets	226,000	81,000	18,000

26. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
Expiry date:				
Between 2 and 5 years	-	-	16,400	16,400

27. RELATED PARTY TRANSACTIONS

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

There were no related party transactions during the year.

