

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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THE FERNWOOD ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Governors

Mr P Irons, Chair¹
Mrs P Wilson, Vice Chair
Dr S Ahmed¹
Mr R Andrews (resigned 9 October 2012)¹
Mr S Battlemuch
Mr P Drysdale
Mrs J E Hawkins (resigned 9 July 2013)¹
Mr A Hunt¹
Mr T Hicks (resigned 23 January 2013)¹
Mr N Jackson¹
Mrs B Parkin (resigned 2 November 2012)¹
Mr M Posaner (resigned 28 March 2013)
Mrs L Kingston (nee Savage)
Mr N Singh¹
Ms A Smart-Gosrani
Mr A Swan (resigned 12 December 2012)¹
Mr H Vara (resigned 9 October 2013)
Mr M Webster (resigned 12 December 2012)
Mrs A Witheford, Principal¹
Mr A Ishaque (appointed 26 January 2013)
Mr P Jones (appointed 6 February 2013, resigned 12 September 2013)
Miss A Saunders (appointed 26 January 2013)
Mrs S Taylor (appointed 3 November 2012)
Mr D Walker (appointed 9 October 2012)

¹ Members of the Strategic and Finance Planning Committee

Company registered number

07597390

Principal and registered office

The Fernwood Academy Trust
Goodwood Road
Nottingham
Nottinghamshire
NG8 2FT

Company secretary

Mr P Robinson

Senior management team

Mrs A Witheford, Principal
Mr D Rowe, Deputy Principal
Ms C Adams, Assistant Principal
Mr K Mayle, Assistant Principal
Mrs M Morrill, Assistant Principal
Mr S Roe, Assistant Principal
Mrs J Eldridge, Assistant Principal
Ms S Johal, Business Manager

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Advisers (continued)

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

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The governors present their annual report together with the financial statements and Auditor's Report of the charitable company for the period ended 31 August 2013.

The Fernwood Academy Trust was incorporated on 8 April 2011.

The financial statements have been prepared in accordance with the accounting policies on pages 23 to 26 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

Members' Liability

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

Governors' Indemnities

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 £8,819.

Governors

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 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.

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

During the period under review the governing body held 8 meetings.

Principal Activities

The principal activity of the charitable company is to provide outstanding education to pupils at the academy. The academy endeavours to provide each pupil with the best education by setting in place individual learning strategies to support them in reaching their potential.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Method of Recruitment and Appointment or Election of Governors

- The Trust can appoint 1 governor
- 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.

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.

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.

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.

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. The Principal has chaired the NCSE Partnership and supports the Partnership with its day to day financial management and budgeting. The school also line manages the Partnership coordination.

The Fernwood Academy Trust employs NCSEP's staff and is reimbursed by NCSEP on an annual basis for any related costs.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

OBJECTIVES AND ACTIVITIES

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.

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.

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)
FOR THE YEAR ENDED 31 AUGUST 2013

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. 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.

ACHIEVEMENTS AND PERFORMANCE

Going concern

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

Key Performance Indicators

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

- regular review of management accounts for the 2012/13 budget and prompt response to Responsible Officer audit findings
- approval of a balanced budget for 2013/14 in the light of reductions in income which still, due to the prudent approach taken, was projected to produce a substantial carry forward into 2014/15
- the production of a medium term budget plan (over 3 years) which identified the financial risks facing the academy, which might result in smaller carry forwards in future years
- a focus on improving the academy buildings and estate through significant capital investment. Developments in the year included new kitchen, dining room and electrics, a new reception/entrance and new offices, concrete repairs to the cookery and IT blocks, replacement of the tennis courts, refurbishment of the humanities block and improved security of the site (new CCTV, main gates and fencing) and car park re-surfacing. An overview report of these developments was presented to the Governing Body
- the ending of the agreement with the Bulwell academy for financial management and its return in-house with the appointment of an academy Business Manager
- a thorough review of ICT provision both in terms of infrastructure and staffing resulting in the appointment of new staff and the introduction of revised procedures
- as an Own Admissions Authority, continued compliance with the 2012 School Admissions and Appeals Codes. The academy continues to be popular and heavily over-subscribed with applications (542 for intake in 2013/14, compared to 493 in 2012/13) and such compliance is, therefore, very important, both in statutory and reputational terms. Admissions for 2013/14 were ranked in accordance with the approved admissions arrangements. In the reporting year, the Governing Body considered its response to the ending of Local Authority co-ordination of in-year transfers with effect from September 2013 and decided to administer this aspect of admissions internally and appropriate procedures were established. In addition, continual rigour has been introduced into internal procedures, for example in checking proof of residence of applicants
- the successful introduction of the Fernwood pay and grading structure (for support staff) following the Single Status/Job Evaluation arrangements reported on in last year's report. This was the culmination of 2 years work and was introduced without any appeals being made
- 2013 GCSE results of 74% 5 A* - C, including English and maths, 87% 5 A* - C and 95.5% 5 A* - G including English and Maths. The outcome represented an improvement on the previous year's results and again compared very favourably with local and national statistics
- with changes to the way that teachers are to be paid in future (linked to performance and appraisal), drafting of appropriate pay, appraisal and capability policies for consultation with staff and Trade Unions (subsequently approved in early 2013/14)
- initial discussions on the potential for developing the Trust (to be pursued in 2013/14). Governors

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

continued to undertake training appropriate to their roles and developed their engagement and understanding of the academy (in addition to formal reporting mechanisms) through visits on relevant topics and issues and curriculum and teaching and learning presentations from faculty leaders; in the reporting period, English and maths

- a decision to adopt a revised pattern of school holidays in 2013/14 and 2014/15 put forward by the Local Authority (known as the Nottingham Model) despite some objections, mainly in the interests of feeder schools who are bound by this model. The Governing Body's decision would not be binding beyond these 2 years and would be reviewed in the light of its operation and any further Local Authority decision
- a decision to adopt a school blazer as a compulsory item of uniform with effect from September 2014.
- the receipt of the Head Teacher's resignation following her decision to retire at the end of the 2013/14 academic year and initial discussions on the establishment of arrangements for the recruitment of her successor.

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 £9,622,197; of which £10,060,746 is restricted fixed asset funds, leaving a total deficit reserve balance of both general restricted and unrestricted funds of (£438,549); this is due to the LGPS deficit of (£1,341,000). However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £902,451, of which £483,159 is restricted funding and £419,292 is unrestricted funding.

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 of £1.341m 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.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Funding

The Department for Education (DfE) is working towards a national funding formula for schools and has introduced changes to the Local Authority Central Spend Equivalent Grant (LACSEG). These changes guarantee the academy will lose up to 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 dedicated child protection officer and retains the services of a strategic health and safety advisor.

Reserves policy

The academy held total reserves of £9,622,197 including £10,060,746 in fixed asset reserves.

A deficit of £857,841 has arisen on the General Restricted Fund. This is due to the deficit of £1,341,000 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 2013 exceeded those required to be held under the reserves policy.

Investment Policy

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

PLANS FOR FUTURE PERIODS

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

PLANS FOR FUTURE PERIODS (continued)

The specific focus for 2013-14

- developing high standards of literacy across the curriculum
- develop high standards of numeracy
- develop the use of the VLE for pupil's learning and communication with parents
- review the school curriculum in light of government proposed changes
- Further enhance provision for, and the attainment of students with special educational needs and disabilities.
- Improve the fabric and condition of the building and address urgent Health and Safety concerns

AUDITOR

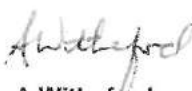
Insofar as the governors are aware:

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

The appointment of the current auditor, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487(2) of the Companies Act 2006.

Approved by order of the members of the governing body on 11 December 2013 and signed on their behalf by:


Mr P Irons
Chair of the Governing Body


Mrs A Witheford
Accounting Officer

THE FERNWOOD ACADEMY TRUST
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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	6	8
Dr S Ahmed	6	8
Mr R Andrews	0	1
Mr S Battlemuch	7	8
Mr P Drysdale	6	8
Mrs J E Hawkins	4	6
Mr A Hunt	4	8
Mr T Hicks	3	3
Mr A Ishaque	4	5
Mr N Jackson	8	8
Mr P Jones	2	3
Mrs B Parkin	1	1
Mr M Posaner	4	5
Mrs L Kingston (nee Savage)	6	8
Miss A Saunders	4	5
Mr N Singh	5	8
Ms A Smart-Gosrani	8	8
Mr A Swan	0	2
Mrs S Taylor	4	7
Mr H Vara	2	8
Mr M Webster	0	2
Mrs A Witheford, Principal	8	8
Mr D Walker	5	7

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	3	4
Dr S Ahmed	1	1
Mr R Andrews	0	1
Mrs J Hawkins	1	4
Mr T Hicks	2	2
Mr A Hunt, Chair	2	4
Mr N Jackson	2	4
Mrs B Parkin	1	1
Mr N Singh	4	4
Mr A Swan	0	2
Mrs P Wilson	2	4
Mrs A Witheford, Principal	4	4
Mr P Drysdale	2	3
Mr M Posaner	1	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 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 2012 to 31 August 2013 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 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 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.

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GOVERNANCE STATEMENT (continued)

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.

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 11 December 2013 and signed on their behalf, by:

Mr P Irons 
Chair of the Governing Body


Mrs A Withford
Principal and Accounting Officer

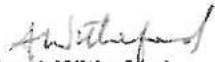
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 (2012).

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 (2012).

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



Mrs A Witheford
Principal and Accounting Officer

Date: 11 December 2013

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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

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 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:

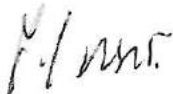
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 the 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 11 December 2013 and signed on its behalf by:



Mr P Irons
Chair of the Governing Body

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FERNWOOD ACADEMY TRUST

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

This report is made solely to the academy'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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' 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 MEMBERS 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

13 December 2013

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, 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 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 The Fernwood Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Fernwood Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Fernwood Academy Trust and the 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 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 year 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 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 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Crowe Clark Whitehill LLP

Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

13 December 2013

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 17 month period 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income - Transfer from Local Authority on conversion	2	-	-	-	-	7,750,604
Other voluntary income	2	3,424	-	-	3,424	-
Activities for generating funds	3	435,583	-	-	435,583	697,657
Investment income	4	6,672	-	-	6,672	3,645
Incoming resources from charitable activities	5	188,508	6,032,042	887,468	7,108,018	8,928,375
TOTAL INCOMING RESOURCES		634,187	6,032,042	887,468	7,553,697	17,380,281
RESOURCES EXPENDED						
Activities for generating funds		440,215	-	-	440,215	402,940
Charitable activities	8	142,191	5,851,600	303,136	6,296,927	7,742,261
Governance costs	11	-	17,765	-	17,765	27,673
TOTAL RESOURCES EXPENDED	6	582,406	5,869,365	303,136	6,754,907	8,172,874
NET INCOMING RESOURCES BEFORE TRANSFERS		51,781	162,677	584,332	798,790	9,207,407

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	<i>Total funds 17 month period 2012 £</i>
Transfers between Funds	20	-	(575,662)	575,662	-	-
NET INCOME FOR THE YEAR		51,781	(412,985)	1,159,994	798,790	9,207,407
Actuarial gains and losses on defined benefit pension schemes		-	(47,000)	-	(47,000)	(337,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		51,781	(459,985)	1,159,994	751,790	8,870,407
<i>Total funds at 1 September 2012</i>		<i>367,511</i>	<i>(397,856)</i>	<i>8,900,752</i>	<i>8,870,407</i>	<i>-</i>
TOTAL FUNDS AT 31 AUGUST 2013		419,292	(857,841)	10,060,746	9,622,197	8,870,407

All of the academy trust's activities derive from continuing operations during the above two financial periods.

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

The notes on pages 23 to 44 form part of these financial statements.

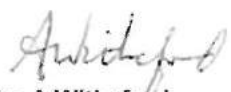
THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07597390

BALANCE SHEET
AS AT 31 AUGUST 2013

		2013		2012	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	16		10,060,746		8,900,752
CURRENT ASSETS					
Stocks	17	11,870		-	
Debtors	18	979,570		317,279	
Cash at bank and in hand		967,480		1,345,927	
		1,958,920		1,663,206	
CREDITORS: amounts falling due within one year	19	(1,056,469)		(491,551)	
NET CURRENT ASSETS			902,451		1,171,655
TOTAL ASSETS LESS CURRENT LIABILITIES			10,963,197		10,072,407
Defined benefit pension scheme liability	26		(1,341,000)		(1,202,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			9,622,197		8,870,407
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	20	483,159		804,144	
Restricted fixed asset funds	20	10,060,746		8,900,752	
Restricted funds excluding pension liability		10,543,905		9,704,896	
Pension reserve	26	(1,341,000)		(1,202,000)	
Total restricted funds			9,202,905		8,502,896
Unrestricted funds	20		419,292		367,511
TOTAL FUNDS			9,622,197		8,870,407

The financial statements were approved by the Governors, and authorised for issue, on 11 December 2013 and are signed on their behalf, by:

Mr P Irons 
Chair of the Governing Body

Mrs A Witheford 
Principal and Accounting Officer

The notes on pages 23 to 44 form part of these financial statements.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	22	(306,609)	1,981,486
Returns on investments and servicing of finance	23	8,672	3,645
Capital expenditure and financial investment	23	(80,510)	(847,402)
Cash transferred on conversion to an academy trust		-	208,198
(DECREASE)/INCREASE IN CASH IN THE YEAR		(378,447)	1,345,927

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(378,447)	1,345,927
MOVEMENT IN NET FUNDS IN THE YEAR	(378,447)	1,345,927
Net funds at 1 September 2012	1,345,927	-
NET FUNDS AT 31 AUGUST 2013	967,480	1,345,927

The notes on pages 23 to 44 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 2013

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 issued by the EFA, applicable accounting standards and the Companies Act 2006.

However, the emoluments of the Principal and staff elected to serve as Governors are not individually disclosed by name and amount as would be required by the Charities SORP 2005. The Principal and staff receive no remuneration for their service as Governors; they only receive remuneration based on the normal salary levels for people in their position. Remuneration bandings are included in note 12 and the Governors consider that this disclosure provides sufficient and appropriate information to enable a proper understanding of the financial statements.

1.2 Company status

The academy is a charitable company limited by guarantee. Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within a 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 cease to be a member.

1.3 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.

1.4 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 Education Funding Agency 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 2013

1. ACCOUNTING POLICIES (continued)

1.5 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.

1.6 Resources expended

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

Costs of generating funds 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 2013

1. ACCOUNTING POLICIES (continued)

1.7 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.

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%

No depreciation is charged on land.

1.8 Operating leases

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

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 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 2013

1. ACCOUNTING POLICIES (continued)

1.11 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 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.12 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.

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 17 month period 2012 £</i>
Transfer from Local Authority on conversion.	-	-	-	7,750,604
Donations	3,424	-	3,424	-
Voluntary income	<u>3,424</u>	<u>-</u>	<u>3,424</u>	<u>7,750,604</u>

In the prior period, of the £7,750,604 transferred on conversion, £8,340,406 was specifically allocated to the Restricted Fixed Assets fund and (£798,000) related to the Local Government Pension Scheme ("LGPS") liability assumed on conversion which was allocated to the Restricted Pension Reserve Fund.

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 17 month period 2012 £</i>
Catering income	119,886	-	119,886	165,280
Hire of facilities	1,006	-	1,006	59,140
Uniform sales	19,709	-	19,709	26,884
Staff consultancy	294,982	-	294,982	446,353
	<u>435,583</u>	<u>-</u>	<u>435,583</u>	<u>697,657</u>

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 17 month period 2012 £</i>
Bank interest	<u>6,672</u>	<u>-</u>	<u>6,672</u>	<u>3,645</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 17 month period 2012 £</i>
Funding for educational operations	-	6,919,510	6,919,510	8,733,817
School trip income	108,269	-	108,269	121,996
Other incoming resources	80,239	-	80,239	72,562
	<u>188,508</u>	<u>6,919,510</u>	<u>7,108,018</u>	<u>8,928,375</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 17 month period 2012 £</i>
DfE/EFA grants				
Academy main building grant	-	877,468	877,468	792,404
General annual grant (GAG)	-	5,793,575	5,793,575	7,571,980
Start-up grants	-	-	-	25,000
Other DfE/EFA grants	-	184,021	184,021	134,928
	<u>-</u>	<u>6,855,064</u>	<u>6,855,064</u>	<u>8,524,312</u>
Other government grants				
Local authority grants	-	30,000	30,000	123,051
Special educational needs	-	19,338	19,338	86,454
Other government grants	-	10,000	10,000	-
	<u>-</u>	<u>59,338</u>	<u>59,338</u>	<u>209,505</u>
Other funding				
Other grants	-	5,108	5,108	-
	<u>-</u>	<u>5,108</u>	<u>5,108</u>	<u>-</u>
	<u>-</u>	<u>6,919,510</u>	<u>6,919,510</u>	<u>8,733,817</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Activities for generating funds	341,595	-	98,620	440,215	402,940
Costs of generating funds	341,595	-	98,620	440,215	402,940
Funding for educational operations	4,552,947	303,136	1,298,653	6,154,736	7,605,079
Other educational activities	-	-	142,191	142,191	137,182
Charitable activities	4,552,947	303,136	1,440,844	6,296,927	7,742,261
Governance	-	-	17,765	17,765	27,673
	4,894,542	303,136	1,557,229	6,754,907	8,172,874

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total 2012 £
Funding for educational operations	-	6,154,736	6,154,736	7,605,079
Other educational activities	142,191	-	142,191	137,182
	142,191	6,154,736	6,296,927	7,742,261

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Funding for educational operations	4,552,947	303,136	1,298,653	6,154,736	7,605,079
Other educational activities	-	-	142,191	142,191	137,182
	4,552,947	303,136	1,440,844	6,296,927	7,742,261

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

8. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Funding for educational operations	4,860,403	1,294,333	6,154,736	7,605,079
Other educational activities	142,191	-	142,191	137,182
	<u>5,002,594</u>	<u>1,294,333</u>	<u>6,296,927</u>	<u>7,742,261</u>

9. DIRECT COSTS

	Funding for educational operations £	Other educational activities £	Total 2013 £	Total 2012 £
Educational supplies	318,673	-	318,673	473,787
Examination fees	69,390	-	69,390	90,368
Staff development	28,205	-	28,205	20,709
Educational consultancy	2,296	-	2,296	4,415
Other direct costs	964	142,191	143,155	140,813
Technology costs	81,563	-	81,563	69,124
Travel and subsistence	3,986	-	3,986	5,866
Teaching and educational support staff costs	4,052,190	-	4,052,190	5,267,555
Depreciation	303,136	-	303,136	287,056
	<u>4,860,403</u>	<u>142,191</u>	<u>5,002,594</u>	<u>6,359,693</u>

THE FERNWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

10. SUPPORT COSTS

	Total 2013 £	Total 2012 £
(Profit) on disposal of fixed assets	(400)	(900)
Insurance	70,242	99,438
Technology	39,955	26,090
Water rates	11,465	14,588
Maintenance of equipment	13,272	3,898
Recruitment and support	36,436	44,361
Maintenance of premises	229,684	212,396
Cleaning	8,104	11,115
Rates	37,279	16,947
Operating lease rentals	16,400	16,400
Security	6,563	7,988
Energy	83,509	93,146
Bank charges	30	-
Pension finance charge	40,000	49,000
Transport	16,894	6,600
Other occupancy costs	19,140	21,804
Travel and subsistence	356	232
Other support costs	164,647	189,108
Support staff costs	500,757	570,357
	<u>1,294,333</u>	<u>1,382,568</u>

11. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total 2012 £
Audit and accountancy	-	15,725	15,725	11,580
Legal and professional fees	-	2,040	2,040	16,093
	<u>-</u>	<u>17,765</u>	<u>17,765</u>	<u>27,673</u>

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12. STAFF COSTS

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	3,954,353	5,001,446
Social security costs	310,597	382,167
Other pension costs (Note 26)	561,241	684,913
	<u>4,826,191</u>	<u>6,068,526</u>
Supply teacher costs	68,351	68,325
	<u>4,894,542</u>	<u>6,136,851</u>

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

	2013 No.	2012 No.
Teachers	65	60
Administration and support	41	40
Management	7	10
	<u>113</u>	<u>110</u>

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

	2013 No.	2012 No.
In the band £60,001 - £70,000	2	1
In the band £120,001 - £130,000	1	1
	<u>3</u>	<u>2</u>

The 3 employees above participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £36,249 (2012: £37,987).

13. 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 (£255,745 (2012 : £343,246) inclusive of pension costs), 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.

During the year, no Governors received any reimbursement of expenses (2012 - £NIL).

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14. NET INCOMING RESOURCES

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the charity	303,135	287,056
Auditor's remuneration	15,725	11,580
Operating lease rentals	16,400	12,300
	335,260	310,936

15. 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 2013 cannot be determined as it is now included as part of a combined policy (2012 - £941).

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

16. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2012	8,899,602	63,121	225,085	9,187,808
Additions	1,139,936	117,928	205,865	1,463,729
Disposals	-	(1,000)	-	(1,000)
At 31 August 2013	10,039,538	180,049	430,950	10,650,537
Depreciation				
At 1 September 2012	191,747	14,213	81,096	287,056
Charge for the year	143,810	20,631	138,694	303,135
On disposals	-	(400)	-	(400)
At 31 August 2013	335,557	34,444	219,790	589,791
Net book value				
At 31 August 2013	9,703,981	145,605	211,160	10,060,746
At 31 August 2012	8,707,855	48,908	143,989	8,900,752

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

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17. STOCKS

	2013 £	2012 £
Finished goods and goods for resale	11,870	-

18. DEBTORS

	2013 £	2012 £
Trade debtors	361,315	43,367
VAT	477,786	115,192
Other debtors	2,751	1,348
Prepayments and accrued income	137,718	157,372
	979,570	317,279

19. CREDITORS:
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	864,194	259,230
Other taxation and social security	96,078	-
Other creditors	13,532	90,492
Accruals and deferred income	82,665	141,829
	1,056,469	491,551

Deferred income

Resources deferred during the year		£ 27,221
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Deferred income represents SEN grants and rates grants which relate to the 2013/14 academic, and financial, year.

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

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	367,511	634,187	(582,406)	-	-	419,292
Restricted funds						
General Annual Grant (GAG)	804,144	5,793,575	(5,538,898)	(575,662)	-	483,159
Pension reserve	(1,202,000)	-	(92,000)	-	(47,000)	(1,341,000)
Other Restricted funds	-	238,467	(238,467)	-	-	-
	(397,856)	6,032,042	(5,869,365)	(575,662)	(47,000)	(857,841)
Restricted fixed asset funds						
Fixed assets transferred in on conversion	8,079,759	-	(303,136)	-	-	7,776,623
DfE/EFA Capital Grants	765,995	887,468	-	-	-	1,653,463
Capital expenditure from GAG	54,998	-	-	575,662	-	630,660
	8,900,752	887,468	(303,136)	575,662	-	10,060,746
Total restricted funds	8,502,896	6,919,510	(6,172,501)	-	(47,000)	9,202,905
Total of funds	8,870,407	7,553,697	(6,754,907)	-	(47,000)	9,622,197

The General Annual Grant, Start up 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.

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 2013.

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

20. STATEMENT OF FUNDS

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	367,511	634,187	(582,406)	-	-	419,292
Restricted funds	(397,856)	6,032,042	(5,869,365)	(575,662)	(47,000)	(857,841)
Restricted fixed asset funds	8,900,752	887,468	(303,136)	575,662	-	10,060,746
	<u>8,870,407</u>	<u>7,553,697</u>	<u>(6,754,907)</u>	<u>-</u>	<u>(47,000)</u>	<u>9,622,197</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 17 month period 2012 £
Tangible fixed assets	-	-	10,060,746	10,060,746	8,900,752
Current assets	653,818	1,305,102	-	1,958,920	1,663,206
Creditors due within one year	(234,526)	(821,943)	-	(1,056,469)	(491,551)
Provisions for liabilities and charges	-	(1,341,000)	-	(1,341,000)	(1,202,000)
	<u>419,292</u>	<u>(857,841)</u>	<u>10,060,746</u>	<u>9,622,197</u>	<u>8,870,407</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Net incoming resources before revaluations	798,790	9,207,407
Returns on investments and servicing of finance	(8,672)	(3,645)
Cash transferred on conversion	-	(208,198)
Tangible fixed assets transferred from Local Authority on conversion	-	(8,340,406)
Depreciation of tangible fixed assets	303,135	287,056
Capital grants from DfE	(887,468)	-
Increase in stocks	(11,870)	-
(Increase) in debtors	(662,291)	(317,279)
Increase in creditors	69,767	491,551
Defined benefit pension liability - assumed on conversion	-	798,000
Defined benefit pension liability - pension cost less contributions payable	52,000	18,000
Defined benefit pension liability - pension finance cost/(income)	40,000	49,000
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operations	(306,609)	1,981,486

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	8,672	3,645
	<u> </u>	<u> </u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(968,578)	(847,402)
Sale of tangible fixed assets	600	-
Capital grants from DfE	887,468	-
	<u> </u>	<u> </u>
Net cash outflow capital expenditure	(80,510)	(847,402)

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

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012	Cash flow	Other non-cash changes	31 August 2013
	£	£	£	£
Cash at bank and in hand:	1,345,927	(378,447)	-	967,480
Net funds	1,345,927	(378,447)	-	967,480

25. CAPITAL COMMITMENTS

At 31 August 2013 the academy had capital commitments as follows:

	2013 £	2012 £
Contracted for but not provided in these financial statements	435,337	697,943

26. 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 2010.

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

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

26. PENSION COMMITMENTS (continued)

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.

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.

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26. PENSION COMMITMENTS (continued)

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £136,000, of which employer's contributions totalled £102,000 and employees' contributions totalled £34,000. The agreed contribution rates for future years are 18% for employers and 6% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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26. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £	<i>Expected return at 31 August 2012 %</i>	<i>Fair value at 31 August 2012 £</i>
Equities	6.20	747,000	5.50	581,000
Gilts	3.50	95,000	2.80	87,000
Other bonds	4.40	42,000	3.90	35,000
Property	5.20	126,000	4.50	113,000
Cash	0.50	21,000	0.50	35,000
Other	6.20	21,000	5.50	17,000
Total market value of assets		<u>1,052,000</u>		<u>868,000</u>
Present value of scheme liabilities		<u>(2,393,000)</u>		<u>(2,070,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,341,000)</u></u>		<u><u>(1,202,000)</u></u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Balance Sheet are as follows:

	2013 £	2012 £
Present value of funded obligations	(2,393,000)	(2,070,000)
Fair value of scheme assets	<u>1,052,000</u>	<u>868,000</u>
Net liability	<u><u>(1,341,000)</u></u>	<u><u>(1,202,000)</u></u>

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

	2013 £	2012 £
Current service cost	143,000	145,000
Interest on obligation	83,000	108,000
Expected return on Scheme assets	<u>(43,000)</u>	<u>(59,000)</u>
Total	<u><u>183,000</u></u>	<u><u>194,000</u></u>
Actual return on scheme assets	<u><u>125,000</u></u>	<u><u>77,000</u></u>

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26. PENSION COMMITMENTS (continued)

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

	2013 £	2012 £
Opening defined benefit obligation	2,070,000	-
Contributions by scheme participants	34,000	43,000
Actuarial Losses	128,000	355,000
Current service costs	143,000	145,000
Losses on curtailments	11,000	-
Benefits paid	(76,000)	-
Interest cost	83,000	108,000
Defined benefit obligation transferred in on conversion	-	1,419,000
	<u>2,393,000</u>	<u>2,070,000</u>
Closing defined benefit obligation	<u>2,393,000</u>	<u>2,070,000</u>

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

	2013 £	2012 £
Opening fair value of scheme assets	868,000	-
Actuarial gains and (losses)	81,000	18,000
Contributions by employees	34,000	43,000
Contributions by employer	102,000	127,000
Expected return on assets	43,000	59,000
Benefits paid	(76,000)	-
Fair value of assets transferred in on conversion	-	621,000
	<u>1,052,000</u>	<u>868,000</u>
	<u>1,052,000</u>	<u>868,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £384,000 losses (2012 - £337,000 losses).

The academy expects to contribute £98,000 to its Defined Benefit Pension Scheme in 2014.

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

	2013	2012
Equities	71.00 %	67.00 %
Gilts	9.00 %	10.00 %
Other bonds	4.00 %	4.00 %
Property	12.00 %	13.00 %
Cash	2.00 %	4.00 %
Other	2.00 %	2.00 %

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26. PENSION COMMITMENTS (continued)

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

	2013	2012
Discount rate for scheme liabilities	4.70 %	3.90 %
Rate of increase in salaries	5.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %
Inflation assumption (CPI)	2.90 %	1.90 %
RPI Increases	3.70 %	2.70 %

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

	2013	2012
Retiring today		
Males	18.7	18.6
Females	22.8	22.7
Retiring in 20 years		
Males	20.7	20.6
Females	24.6	24.5

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(2,393,000)	(2,070,000)
Scheme assets	1,052,000	868,000
Deficit	<u>(1,341,000)</u>	<u>(1,202,000)</u>
Experience adjustments on scheme assets	<u>81,000</u>	<u>18,000</u>

27. OPERATING LEASE COMMITMENTS

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date:				
Between 2 and 5 years	-	-	16,400	16,400

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NOTES TO THE FINANCIAL STATEMENTS
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28. 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.