



ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

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

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
(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

Jenefer Snelson, Chair of Governors
James Harrington, Vice Chair (resigned 4 October 2013)
Rev Peter Knight, Director Governor
Claire Davies, Headteacher & Accounting Officer
Ian Hopwood, Director Governor
Karen Kazerooni, Staff Governor & Director Governor (resigned 15 October 2013)
Glyn Stacey, Director Governor
Rev Julie-Ann Watson, Director Governor (resigned 22 July 2014)
Michael Higley, Director Governor
Diane Sheldon, Director Governor (resigned 1 September 2014)
Sarah Flubacher, Staff Governor & Non Director Governor (resigned 19 December 2013)
Alison Ferguson, Non Director Governor
Matthew Day, Director Governor (resigned 3 October 2013)
Helen Yorke, Director Governor & Vice Chair
Carol Nash, Director Governor
Richard Marklew, Non Director Associate Governor
Fiona Cullerne, Staff Governor & Director Governor (appointed 17 November 2013)
Wendy Bevan, Director Governor (appointed 19 March 2014)
Jo McGrath, Staff Governor Associate Governor (appointed 7 February 2014, resigned 31 August 2014)
Alison Sims, Director Governor

Members

Jenefer Snelson
Rev Peter Knight
Claire Davies
Ian Hopwood
Diane Sheldon

Company registered number

07704001

Principal and registered office

Cromwell Road
Malvern
Worcestershire
WR14 1NA

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

Administrative details (continued)

Company secretary

Kerry Brimfield

Headteacher

Claire Davies

Senior management team

Claire Davies, Head
Mrs Virginia Beale, Deputy Head
Mrs Fi Cullerne, Assistant Head

Independent auditors

Randall & Payne LLP
Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Bankers

Lloyds Bank Plc
48 Belle Vue Terrace
Malvern
Worcestershire
WR14 4QG

Solicitor

Harrison Clarke Rickerbys LLP
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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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 1st September 2013 to 31st August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in and around Malvern. It has a pupil capacity of 236 (to include 26 Nursery age children).

- In August 2011 the school converted to Academy status as part of a collaborative group of five local schools. St. Matthias is now working collaboratively with a small group of local Church schools for school improvement purposes.
- The school has an established Nursery which runs each morning and provides Nursery Plus placements three afternoons a week for children in the local area with additional learning needs. Some of these children choose to enter the Reception class at St. Matthias.
- The number on role is 221 (January 2014). This is an increase from the official figure of 193 from the January 2012 census. Most pupils are from White British backgrounds. Data shows that pupils learning English as an additional language are making satisfactory to good progress.
- St. Matthias was judged as Good by Ofsted in February 2012.
- The SIAS inspection in November 2012 judged the school to be an Outstanding Church School
- The number of children eligible for Free School Meals is high at 43.1%. This is significantly more than the national average of 26.6%

Structure, governance and management

a. CONSTITUTION

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Governors of St. Matthias CE Primary Academy are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as St. Matthias CE Primary 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

The Academy provides indemnity insurance to cover the liability of governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

d. PRINCIPAL ACTIVITIES

The principal object and activity of the Academy 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 an Academy offering a broad curriculum with a strong emphasis on, but in no way limited to literacy and mathematics skills.

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

e. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The articles allow that up to 5 Governors may be appointed by The Worcester Diocesan Academies Trust, the members may appoint up to 3 staff Governors, there should be 3 parent Governors elected by the parents of children at the Academy, and there may be additional Governors who are appointed by the Secretary of State. There may be up to 2 co-opted Governors, who can be appointed with the consent of the Diocesan Board of Education.

In addition the Governors may appoint Associate Governors to provide a specific skill set which supports the Governing Body. Governors actively seek to recruit new Governors as and when a position becomes available. For Parent Governors this includes publishing an article in the school's weekly newsletter and sending home information and ballot papers to each family. The Church and / or the Diocese is approached for new Church Governors.

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

Training and induction for Governors will depend on their prior experience and/or knowledge. Most induction is carried out "in house", but external trainers may be brought in, or Governors may attend external training provision as appropriate. All new Governors are expected to attend training run by the Local Authority. Governors are provided with copies of all the documents that they will need to undertake their role.

g. ORGANISATIONAL STRUCTURE

The full Governing Body meets formally at least six times per year. Discussions are held and decisions are made or ratified as appropriate. During the year ending on 31st August 2014 there was one committee supporting the full Governing Body: Resource and Audit (with responsibility for Finance, Staffing, Premises and Resources). This committee provided the opportunity for detailed discussion and policy development. Interim decisions were reached at committee for ratification at full Governing Body meetings. The committee structure was reviewed during 2013/14 to ensure that the structure continues to effectively support the growth of the school. The day to day running of the Academy is delegated to the Senior Leadership Team (SLT) who report back to the Full Governing Body or the Resource and Audit Committee, as appropriate. The Headteacher fulfils the role of Accounting Officer.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

St. Matthias is committed to establishing and maintaining collaborative partnerships with other local academies. Over the last year this has included working with three other Malvern Academies to support school improvement.

During the period the Academy did not have any connected organisations. There were some related party relationships which are acknowledged at the Governors' meetings through the pecuniary interest forms, and any financial transactions are disclosed in the notes to the accounts.

In addition, St. Matthias has been working closely with four local schools to embed a programme to support the emotional health and well-being of vulnerable pupils.

St. Matthias will continue to seek effective partnerships which will support and enhance the principal activities of the Academy.

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

Objectives and Activities

a. OBJECTS AND AIMS

The school aims are as follows;

In the spirit of its Christian foundation, St. Matthias Church of England Primary School aims to provide the optimum environment for the intellectual, emotional, physical, social and spiritual growth of every pupil in its care.

Within this supportive environment we aim to:

- ✓ Draw together a community of learners within our school and involving all stakeholders
- ✓ Enable our learners to engage in learning and develop a good understanding of their strengths and skills
- ✓ Provide opportunities for all learners to enjoy learning and strive for excellence
- ✓ Provide meaningful contexts for productive and independent learning within an interesting, relevant curriculum
- ✓ Challenge our learners to develop new skills and be able to transfer these to different contexts
- ✓ Promote Christian values in a safe, supportive environment where respect, love, giving, trust, forgiveness and honesty are highly prized
- ✓ Create opportunities for all pupils to be successful and thus develop a sound sense of self belief
- ✓ Seek the keys to unlock the potential of all our learners to compete in and appreciate a global world
- ✓ Empower all learners to make considered choices for a healthy, balanced lifestyle
- ✓ Provide opportunities for all our learners to grow together intellectually, emotionally, in understanding, faith, cultural awareness and spiritual understanding.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main focus for the School Development Plan during this period was to raise standards of teaching and learning to good or better and to improve pupils' progress and attainment in Reading, Writing and Maths. Our strategies to facilitate this included;

- ✓ The appointment of a senior member of staff to take responsibility for Achievement and Progress
- ✓ Key staff continued our robust strategies for the monitoring of teaching and learning
- ✓ Senior Leaders regularly monitored progress data and carried out lesson observations, book trawls and planning scrutinies.
- ✓ Best practice was shared across the school and among the local academies in our collaborative group
- ✓ High quality learning interventions were provided to support our children's learning journey
- ✓ The school development priorities were shared with stakeholders
- ✓ The school appointed a highly qualified advisor to provide school improvement support / advice
- ✓ Additional staff were employed to reduce pupil : staff ratios and provide targeted teaching where appropriate

The school is striving to create an environment in which each individual is given the opportunity to maximise their potential in all areas of learning. With this in mind, we provide a broad and balanced curriculum with a focus on key skills.

c. PUBLIC BENEFIT

In setting the objectives, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

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GOVERNORS' REPORT (continued)
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Achievements and performance

Overall, standards remain broadly in line with national expectations. The number of children achieving a pass mark for the Phonics test in Year 1 increased by 9% on last year.

Unvalidated data for Key Stage 1 shows a significant increase in the numbers of children reaching Level 2B in Reading and Writing. The number of children reaching Level 2B in Maths was lower than in 2013, however all children achieved L2 or above which represents a significant achievement for this Year group.

Unvalidated end of Key Stage 2 data for July 2014 shows 70% achieved Level 4 in both English and Mathematics. This is an increase of 6% from 2013. The writing results showed a significant improvement on 2013 with 80% achieving at L4+ - an increase of 16%. Level 4+ in Reading (75%) and Mathematics (80%) were similar to 2013.

The school has a range of intervention strategies in place to continue to improve this profile, and in particular to accelerate pupil progress.

Pupils joining and leaving the school during the year continues to present some challenges regarding closing the attainment gap. The school works very hard to minimise turbulence but clearly mobility has a detrimental effect on the learning of some more vulnerable pupils.

a. GOING CONCERN

After making appropriate enquiries, the Governing Body 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 note of the financial statements.

b. KEY PERFORMANCE INDICATORS

The Academy uses a number of Key Performance Indicators to include those in the tables on the following pages;

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Ofsted Inspection Outcomes

The school is showing a steady improvement since it was placed in Special Measures in 2009 as indicated by the table below.

Date	Ofsted Inspection Outcome
January 2009	Inadequate
July 2010	Satisfactory
July 2012	Good
February 2014	Good

Number of Students

St. Matthias is a one-form entry Primary school with a PAN of 30. It caters for children from 4 years old (Reception Year) to 11 years old (Year 6). The school also has an established 26 place Nursery. The school has seen a steady increase of pupils over recent years and we are now close to our full capacity of 236.

	January 2011			January 2012		
Year	Girls	Boys	Total	Girls	Boys	Total
N	12	9	22	8	15	23
R	12	16	28	12	13	25
1	5	19	24	13	16	29
2	16	11	27	5	18	23
3	11	11	22	18	11	29
4	13	14	27	8	9	17
5	17	4	20	14	13	27
6	20	9	29	16	4	20
	106	93	199	94	99	193

	January 2013			January 2014		
Year	Girls	Boys	Total	Girls	Boys	Total
N	10	15	25	13	13	26
R	13	12	25	12	18	30
1	14	15	29	15	15	30
2	13	15	28	15	15	30
3	3	16	19	15	16	31
4	17	12	29	5	19	24
5	11	9	20	18	11	29
6	13	13	26	10	11	21
	94	107	201	103	118	221

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

Attendance

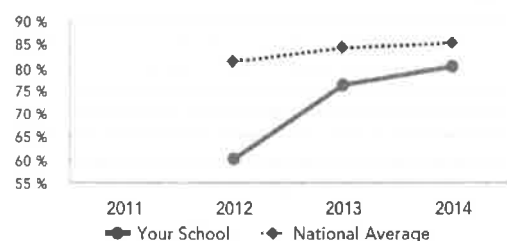
The school uses a number of strategies to support good attendance and as a result attendance levels are showing an increase each year.

Year	Actual Absence	Actual Attendance
2006-7	5.7%	94.3%
2007-8	7.5%	92.0%
2008-9	7.2%	92.8
2009-10	5.1%	94.9%
2010-11	5.4%	94.6%
2011-12	5.3%	94.7%
2012-13	5.2%	94.8%
2013 -14 including Year R	4.6%	95.4%

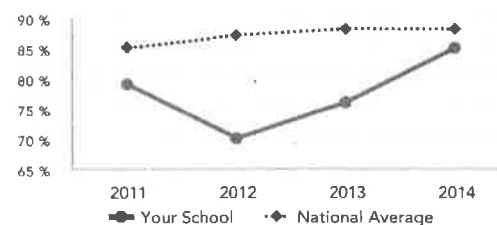
Achievement

The school measures pupil achievement against national levels. The following graphs show overall achievement levels (Year 6 SATs) are improving and the gap between school and national levels is decreasing.

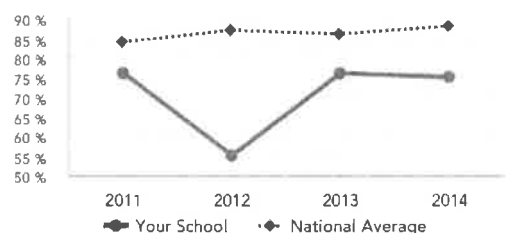
Level 4+ Writing



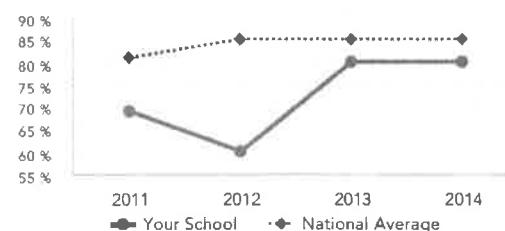
Level 4+ Science



Level 4+ Reading



Level 4+ Maths



The introduction of the Pupil Premium has had a big impact at St. Matthias. This funding has increased substantially over the last few years. This additional support is having a big impact and school tracking data shows the interventions introduced through this funding is enabling children to make accelerated progress with this academic and financial link a KPI. Finally the Academy uses the level of reserves available to continue the improvement of the site, facilities and curriculum development as a KPI. Each year we carefully monitor school spending to ensure enough funds are carried forward to support future school development priorities.

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GOVERNORS' REPORT (continued)
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Financial review

The accounting period runs from 1st September 2013 to 31 August 2014. The majority of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2014 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The School Development Plan highlights how expenditure is linked to School Development Priorities.

Over the year Governors reviewed and updated key financial policies in line with the policy review framework.

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

A Risk Management strategy has been adopted by the Governors and a Risk Register compiled following a thorough review of all risks perceived by the Governors and SLT to the academy. These risks are kept under review by the SLT and Resource & Audit Committee. External auditors have been appointed and the Academy Finance Policy was reviewed to ensure its continued appropriateness for the Academy.

The principle risks and uncertainties for the company currently relate to the potential impact of changes in the funding formula and the development of effective systems to support the longer term financial planning. These are key areas of financial concern and risk. However currently the Academy is not expecting a reduction in funding and the exposure to financial risks are minimised as the Academy has a positive bank balance and has no significant levels of debtors or creditors.

The Governors are aware of the pension scheme deficit and the potential risks that this exposes the Academy to. They are relying on the expertise of the actuary and the investment fund managers to ensure that the risks are mitigated and the deficit is reduced.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk areas are the protection of pupils, staff and assets as well as maintaining pupil numbers in order to maximise income generation through funding. Systems and procedures to minimise risks are constantly being reviewed and updated.

c. RESERVES POLICY

The Governors review the resources of the Academy and recognise the need to have sufficient reserves to protect against possible reductions in the funding. The reserves will be held in line with the DfE guidelines. The policy will aim to carry forward sufficient funds to meet the Academy's long term aims and objectives, ensuring that this does not affect its current operational activities.

d. INVESTMENTS POLICY

The Headteacher and Finance Secretary together with the Resource and Audit Committee will ensure that any surplus funds are deposited to maximise interest whilst maintaining a safe and secure investment strategy. Improved cash flow forecasting enabled the school to place 2 short term investments with Lloyds, both of which matured before the year end.

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GOVERNORS' REPORT (continued)
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Plans for future periods

In the short term, the main focus of the School Development Plan is to increase the percentage of pupils working at age related levels by the end of July 2015.

The school considers, as a key priority, the development of further initiatives to improve the quality of teaching and learning by ensuring all staff adopt robust and effective strategies with highly differentiated learning opportunities. The school will continue to work towards the Ofsted targets highlighted in the February 2014 inspection, namely to;

1. Increase the proportion of outstanding teaching, so all pupils achieve their best, and
2. To carefully analyse the progress and attainment of the most able pupils as a routine part of the checks that leaders in the school make

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy does not hold any funds as custodian Trustee on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Governors are aware:

- there is no relevant audit information of which the 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 to establish that the auditor is aware of that information.

This report was approved by order of the members of the Governing Body on 17 December 2014 and signed on the board's behalf by:



Jenefer Snelson, Chair of Governors

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that St. Matthias Church of England Primary Academy 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 Governors have delegated the day-to-day responsibility to the Headteacher, 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 St. Matthias Church of England Primary Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the 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 Full Governing Body comprises 16 governors, 7 of which sit on the Resource and Audit Committee. This Committee is also supported through the attendance of staff members from the school. Each meeting that took place during the accounting period was quorate, in the main all absences were approved with a couple of unapproved absences due to a lack of prior notification.

Both the Full Governing Body and Resource and Audit membership has seen changes over the last year with resignations of Governors and one stepping down from Resource and Audit. At the end of the financial period 14 Governors were in post with 2 vacancies. The Governing Body are to review the membership, skills and number of governors during 2014/15.

The Full Governing Body, supported by the Resource and Audit Committee, challenged and supported decisions and policy development. Additionally, during the year governance supported the review of improvement to both the school premises and the staff structure of the leadership team to enable the delivery of the School Development Plan. Ongoing information was provided by the SLT to inform the Governors on the progress of pupil attainment. The Governing Body has developed its knowledge of the school considerably; regular training has helped Governors to feel more confident in their roles, resulting in much greater involvement in the management of the school and more effective challenge to school leaders.

The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Governors was as follows:

Governor	Meetings attended	Out of a possible
Jenefer Snelson, Chair of Governors	7	7
James Harrington, Vice Chair	1	1
Rev Peter Knight, Director Governor	2	7
Claire Davies, Headteacher & Accounting Officer	7	7
Ian Hopwood, Director Governor	6	7
Karen Kazerooni, Staff Governor & Director Governor	1	1
Glyn Stacey, Director Governor	7	7
Rev Julie-Ann Watson, Director Governor	4	7
Michael Higley, Director Governor	7	7
Diane Sheldon, Director Governor	4	7
Sarah Flubacher, Staff Governor & Non Director Governor	3	3
Alison Ferguson, Non Director Governor	3	7
Matthew Day, Director Governor	0	1
Helen Yorke, Director Governor & Vice Chair	6	7

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GOVERNANCE STATEMENT (continued)

Carol Nash, Director Governor	7	7
Richard Marklew, Non Director Associate Governor	3	7
Fiona Cullerne, Non Director Associate Governor	4	5
Wendy Bevan, Director Governor	2	2
Jo Mcgrath, Staff Governor Associate Governor	3	3
Alison Sims, Director Governor	5	7

Governance reviews:

During the year the Governors reviewed itself against the Ofsted self evaluation criteria, it was felt that in the main we have a sound level of governance together with aspects of strong governance. Positives included:

- ✓ our clarity of vision, ethos and strategic direction
- ✓ challenge, through performance reviews and meetings to ensure the continuously the quality of teaching that supports our children to grow into independent, confident young people who achieve the best they can.
- ✓ Skills within the governing body have enabled a strong overview of financial management by the school.

Areas for improvement include:

- ✓ Succession planning, ensuring that there is a robust plan for the recruitment of governors to support the school with the appropriate skills
- ✓ Greater independent assessment of how the school is performing

Given the latest guidance on constitution of governing bodies, the plan is that during 2014/15 the Governing Body are reviewing its structure to ensure that it continues to be a cohesive and dynamic body; consideration will be given to the number of governors, skills required and membership. As we currently have vacancies within the Governing Body this is the ideal time to plan our structure for the future.

The Governing Body continues to strengthen the challenge and support that we provide to the school with new additions, last year this included Wendy Bevan who provides a solid breadth of educational sector experience.

Wendy Bevan joined the Governing Body during 2013/14 providing the team with a solid breadth of educational sector experience.

The Full Governing Body, supported by the Resource and Audit Committee, challenged and supported decisions and policy development. Governors continued to support the implementation of improvements to financial reporting, management and monitoring to give assurance that the school would be financially robust and able to provide meaningful management information to support decision making.

Additionally during the year Governors supported the review of improvement to both the school premises and the staff structure of the leadership team to enable the delivery of the School Development Plan. Ongoing information was provided by the SLT to inform the Governors on the progress of pupil attainment. The Governing Body has continued to develop its knowledge of the school. Training and support has helped Governors to feel more confident in their roles leading to more effective challenge to school leaders.

During 2014/15 the Governing Body are reviewing its structure to ensure that we continue to be a cohesive and dynamic body, consideration will be given to the number of governors, skills required and membership.

The Resource and Audit Committee is a sub-committee of the main board of Governors. It's purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

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GOVERNANCE STATEMENT (continued)

The remit of this committee is under review for 2014/15 with the inclusion of monitoring school effectiveness through analysis of data and children's outcomes, keeping under review the groupings of pupils used for reporting and the aim to exceed national average. To support data analysis Governor membership has been strengthened on this committee with an education sector skill focus.

Attendance at the Resource and Audit Committee meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Jenefer Snelson, Chair of Governors	7	7
Claire Davies, Headteacher & Accounting Officer	6	7
Ian Hopwood, Director Governor	1	1
Glyn Stacey, Director Governor	7	7
Rev Julie-Ann Watson, Director Governor	4	7
Diane Sheldon, Director Governor	5	7
Matthew Day, Director Governor	0	1
Helen Yorke, Director Governor & Vice Chair	2	6
Fiona Cullerne, Staff Governor & Director Governor	4	5

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 St. Matthias Church of England Primary Academy 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 Governors have 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 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 Governors.

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, together with the Finance Secretary 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 St Matthias Church of England Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control as well as making recommendations for improvement.

The Finance Secretary has developed a system of controls and checks and holds regular meetings with the Headteacher to review finances. The Financial Handbook details the procedures and systems to be used by all budget holders. A copy of the handbook is available to all budget holders and staff are aware that all purchases and contracts must be entered into only by the Headteacher. The Financial Regulations in place govern how the financial systems and procedures are managed. Risk Management is driven from Governors and the SLT throughout the organisation.

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GOVERNANCE STATEMENT (continued)

In relation to Risk, staff are trained to be aware of risks and understand how to manage risks through mitigation procedures. The Academy learns from outside networking and through the MAP by sharing information and good practice. The Governors have reviewed the identified 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 Full Governing Body has responsibility for the ongoing risk management and has delegated to the Resource and Audit Committee the on going process for identifying, evaluating and managing the Academy significant risks with the Full Governing Body informed of any significant changes or additions to the Risk Register. This review mechanism has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the Annual Report and Financial Statements.

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:

- significantly improved comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governors
- regular reviews by the Resource and Audit 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 SLT review and update the Risk Register regularly and report to the Resource and Audit Committee. The role of the Resource and Audit Committee is to challenge the SLT on the identification of risks, the management action taken and the residual risks. The Resource and Audit Committee reports on the Risk Register to the Full Governing Body, giving its views.

The Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Angelique Dalton, a Business Manager at Dyson Perrins CofE Academy, as Responsible Officer (RO). It is felt that this role together with the Annual External Audit provide a robust review of the processes in place.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a semi-annual basis, the RO reports to the Governors, through the Resource and Audit Committee, on the operation of the systems of control and on the discharge of the Governors' financial responsibilities. In the instances where the RO has made recommendations for improvement, these have been discussed with the Resource and Audit Committee and, where appropriate, implemented.

These arrangements provide reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;

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GOVERNANCE STATEMENT (continued)

- feedback from the Resource and Audit Committee. The structure of the Committee is such that it has as a remit to cover Finance, Staffing, Premises and Resources thereby ensuring all decisions that have a financial impact on the Academy are taken together;
- feedback from the Finance Secretary and the Chair of Resource and Audit Committee

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

Through the above feedback mechanisms no significant internal control issues were identified.

Approved by order of the members of the Governing Body on 17 December 2014 and signed on its behalf, by:



Jenefer Snelson, Chair of Governors



Claire Davies, Headteacher/Accounting Officer

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of St. Matthias Church of England Primary Academy I have considered my responsibility to notify the Academy 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 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 Governors and EFA.



Claire Davies
Accounting Officer

Date: 17 December 2014

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Governors (who act as governors of St. Matthias Church of England Primary Academy 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 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 Governors on 17 December 2014 and signed on its behalf by:



Jenefer Snelson, Chair of Governors

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY

We have audited the financial statements of St. Matthias Church of England Primary Academy 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 AUDITORS

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 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY

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; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Robert Stokes FCCA (Senior statutory auditor)

for and on behalf of

Randall & Payne LLP

Chartered Accountants & Statutory Auditors

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: 19 *December* 2014

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST.
MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 30 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 St. Matthias Church of England Primary Academy 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 St. Matthias Church of England Primary Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St. Matthias Church of England Primary Academy 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 St. Matthias Church of England Primary Academy and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of St. Matthias Church of England Primary Academy's funding agreement with the Secretary of State for Education dated 7 July 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.

Consideration and corroboration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;

- Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity;
- Discussions with and representations from the Accounting Officer and other Key management personnel;

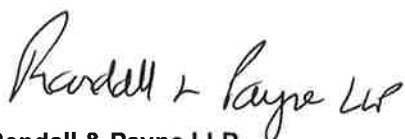
ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST.
MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY**
(continued)

- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

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.



Randall & Payne LLP

Chartered Accountants & Statutory Auditors

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: 19 December 2014

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
	Note					
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	1	-	1	-
Activities for generating funds	3	1	-	-	1	3
Incoming resources from charitable activities	4	26	1,023	8	1,057	1,159
TOTAL INCOMING RESOURCES		27	1,024	8	1,059	1,162
RESOURCES EXPENDED						
Charitable activities		-	1,042	41	1,083	1,103
Governance costs	6	-	7	-	7	10
TOTAL RESOURCES EXPENDED	9	-	1,049	41	1,090	1,113
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		27	(25)	(33)	(31)	49

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	<i>Total funds 2013 £000</i>
Transfers between Funds	19	(44)	(52)	96	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(17)	(77)	63	(31)	49
Actuarial gains and losses on defined benefit pension schemes		-	(70)	-	(70)	7
NET MOVEMENT IN FUNDS FOR THE YEAR		(17)	(147)	63	(101)	56
<i>Total funds at 1 September 2013</i>		29	(91)	873	811	755
TOTAL FUNDS AT 31 AUGUST 2014		12	(238)	936	710	811

All activities relate to continuing operations.

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

The notes on pages 26 to 43 form part of these financial statements.

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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REGISTERED NUMBER: 07704001

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£000	2014 £000	2013 £000
FIXED ASSETS				
Tangible assets	16		936	869
CURRENT ASSETS				
Debtors	17	24		94
Cash at bank		43		87
		<u>67</u>		<u>181</u>
CREDITORS: amounts falling due within one year	18	(55)		(75)
NET CURRENT ASSETS			12	106
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>948</u>	<u>975</u>
Defined benefit pension scheme liability	26		(238)	(164)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>710</u>	<u>811</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	19	-		73
Restricted fixed asset funds	19	936		873
		<u>936</u>		<u>946</u>
Restricted funds excluding pension liability				
Pension reserve		(238)		(164)
Total restricted funds			698	782
Unrestricted funds	19		12	29
TOTAL FUNDS			<u>710</u>	<u>811</u>

The financial statements were approved by the Governors, and authorised for issue, on 17 December 2014 and are signed on their behalf, by:



Jenefer Snelson, Chair of Governors

The notes on pages 26 to 43 form part of these financial statements.

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £000	2013 £000
Net cash flow from operating activities	21	51	(181)
Capital expenditure and financial investment	22	(95)	160
DECREASE IN CASH IN THE YEAR		(44)	(21)

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

	2014 £000	2013 £000
Decrease in cash in the year	(44)	(21)
MOVEMENT IN NET FUNDS IN THE YEAR	(44)	(21)
Net funds at 1 September 2013	87	108
NET FUNDS AT 31 AUGUST 2014	43	87

The notes on pages 26 to 43 form part of these financial statements.

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

1.2 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.

1.3 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.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

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.

1.4 Resources expended

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

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.

All resources expended are inclusive of irrecoverable VAT.

1.5 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. The Academy has a funding agreement in place with the Secretary of State for Education which is for 7 years, with a 7 year notice period.

1.6 Tangible fixed assets and depreciation

All assets costing more than £250 or more 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.

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:

L/Term Leasehold Property	-	50 years straight line
Fixtures and fittings	-	20% or 25% straight line
Computer equipment	-	33% straight line

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

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 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 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.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Donations	-	1	1	-

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Music Tuition	1	-	1	3

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Educational Operations Direct	26	1,031	1,057	1,159

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
DfE/EFA revenue grants				
General Annual Grant	-	854	854	747
Other DfE/YPLA/EFA Grants	-	53	53	312
Special Educational Projects	-	33	33	6
Other non government grants	26	-	26	18
Pupil Premium	-	84	84	48
School Trips	-	6	6	8
Other Grants	-	1	1	20
	26	1,031	1,057	1,159

5. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Educational Operations Direct	-	1,083	1,083	1,103

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

5. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2014 £000	Depreciation 2014 £000	Other costs 2014 £000	Total 2014 £000	Total 2013 £000
Educational Operations					
Direct	761	37	285	1,083	1,103

6. GOVERNANCE COSTS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Governance Auditors' remuneration	-	4	4	3
Governance Auditors' non audit costs	-	3	3	7
	-	7	7	10

7. DIRECT COSTS

	Educational Operations Direct £000	Total 2014 £000	Total 2013 £000
Pension income	5	5	5
Educational Supplies	99	99	56
Staff Development	8	8	9
Other Direct Costs	118	118	132
Maintenance of Premises & Equipment	4	4	84
Wages and salaries	581	581	569
National insurance	41	41	39
Pension cost	79	79	72
Depreciation	37	37	30
	972	972	996

ST. MATTHIAS CHURCH OF ENGLAND PRIMARY ACADEMY
(A company limited by guarantee)

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

8. SUPPORT COSTS

	Educational Operations Direct £000	Total 2014 £000	Total 2013 £000
Insurance	22	22	4
Catering	2	2	1
Other Support Costs	27	27	50
Wages and salaries	24	24	46
National insurance	1	1	1
Pension cost	35	35	6
	111	111	108

9. RESOURCES EXPENDED

	Staff costs 2014 £000	Non Pay Expenditure Other costs 2014 £000	Total 2014 £000	Total 2013 £000
Educational Operations Direct	701	271	972	996
Support costs - Educational Operations Direct	60	51	111	107
Charitable activities	761	322	1,083	1,103
Governance	-	7	7	10
	761	329	1,090	1,113

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £000	Support costs 2014 £000	Total 2014 £000	Total 2013 £000
Educational Operations Direct	972	111	1,083	1,103

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11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014	2013
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	36	30
Auditors' remuneration	4	3
Auditors' remuneration - non-audit	2	1
Operating lease rentals:		
- other operating leases	6	7
	48	41

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014	2013
	£000	£000
Wages and salaries	605	624
Social security costs	42	41
Other pension costs (Note 26)	113	79
	760	744
Supply teacher costs	10	-
	770	744

b. Staff numbers

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

	2014	2013
	No.	No.
Teachers	7	8
Administration and support	2	3
Management	3	3
	12	14

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12. 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	1	1

1 (2013: 1) of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £9,393 (2013: £9,106).

13. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Governors (2013 - 3) in respect of defined benefit pension schemes.

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, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	2014 £000	2013 £000
C Davies, Headteacher/Accounting Officer	70-75	70-75
K Kazerooni, Staff Governor	15-20	15-20
S Flubacher, Staff Governor	35-40	35-40
F Cullerne, Staff Governor	45-50	
J McGrath, Staff Governor	35-40	

During the year ended 31 August 2014, expenses totalling £1,000 (2013 - £NIL) were reimbursed to 3 Governors (2013 - 2) in respect of duties as staff.

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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,368 (2013 - £1,369). The cost of this insurance is included in the total insurance cost.

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15. OTHER FINANCE INCOME

	2014 £000	2013 £000
Expected return on pension scheme assets	7	5
Interest on pension scheme liabilities	(12)	(10)
	<u>(5)</u>	<u>(5)</u>

16. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 September 2013	867	35	22	924
Additions	79	11	13	103
At 31 August 2014	<u>946</u>	<u>46</u>	<u>35</u>	<u>1,027</u>
Depreciation				
At 1 September 2013	32	10	13	55
Charge for the year	17	9	10	36
At 31 August 2014	<u>49</u>	<u>19</u>	<u>23</u>	<u>91</u>
Net book value				
At 31 August 2014	<u>897</u>	<u>27</u>	<u>12</u>	<u>936</u>
At 31 August 2013	<u>835</u>	<u>25</u>	<u>9</u>	<u>869</u>

Included in land and buildings is leasehold land at valuation of £77,573 (2013 - £77,573), (cost £nil (2013 - £nil)) which is not depreciated.

17. DEBTORS

	2014 £000	2013 £000
Other debtors	13	4
Prepayments and accrued income	11	90
	<u>24</u>	<u>94</u>

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18. CREDITORS:
Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	3	8
Other taxation and social security	12	12
Other creditors	12	12
Accruals and deferred income	28	43
	<u>55</u>	<u>75</u>
		£000
Deferred income		
Resources deferred during the year		<u>15</u>

19. STATEMENT OF FUNDS

	Brought Forward	Incoming resources	Resources Expended	Transfers in/out	Gains/ (Losses)	Carried Forward
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
Unrestricted funds	29	27	-	(44)	-	12
	<u>29</u>	<u>27</u>	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>12</u>
Restricted funds						
Restricted Funds - all funds	30	-	-	(30)	-	-
General Annual Grant (GAG)	43	1,024	(1,045)	(22)	-	-
Pension reserve	(164)	-	(4)	-	(70)	(238)
	<u>(91)</u>	<u>1,024</u>	<u>(1,049)</u>	<u>(52)</u>	<u>(70)</u>	<u>(238)</u>

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19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	79	8	-	(87)	-	-
Transfer from predecessor	794	-	(41)	183	-	936
	<u>873</u>	<u>8</u>	<u>(41)</u>	<u>96</u>	<u>-</u>	<u>936</u>
Total restricted funds	782	1,032	(1,090)	44	(70)	698
Total of funds	<u>811</u>	<u>1,059</u>	<u>(1,090)</u>	<u>-</u>	<u>(70)</u>	<u>710</u>

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

The restricted general fund includes grants receivable from the EFA, DfE, local authority and other government grants to be used for the primary activity of the charitable company. It also includes the balance on the Academy's share of the LGPS scheme.

The fixed asset fund relates to the grants received and assets donated/transferred in and are held for the charitable company's primary activity.

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 £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/(Losses) £000	Carried Forward £000
General funds	29	27	-	(44)	-	12
Restricted funds	(91)	1,024	(1,049)	(52)	(70)	(238)
Restricted fixed asset funds	873	8	(41)	96	-	936
	<u>811</u>	<u>1,059</u>	<u>(1,090)</u>	<u>-</u>	<u>(70)</u>	<u>710</u>

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Tangible fixed assets	-	-	937	937	869
Current assets	12	54	-	66	181
Creditors due within one year	-	(54)	(1)	(55)	(75)
Provisions for liabilities and charges	-	(238)	-	(238)	(164)
	<u>12</u>	<u>(238)</u>	<u>936</u>	<u>710</u>	<u>811</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	Continuing £000	Discontinued £000	2014 Total £000	2013 £000
Net incoming resources before revaluations	(31)	-	(31)	49
Depreciation of tangible fixed assets	36	-	36	30
Capital grants from DfE	(8)	-	(8)	(187)
Decrease/(increase) in debtors	70	-	70	(36)
Decrease in creditors	(21)	-	(21)	(30)
FRS 17 adjustments	5	-	5	(7)
Net cash inflow/(outflow) from operations			<u>51</u>	<u>(181)</u>

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

	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(103)	(27)
Capital grants from DfE	8	187
Net cash (outflow)/inflow capital expenditure	<u>(95)</u>	<u>160</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £000	Cash flow £000	Other non-cash changes £000	31 August 2014 £000
Cash at bank and in hand:	87	(44)	-	43
Net funds	87	(44)	-	43

24. CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant of whatever amount was received, the company shall, if it does not reinvest the proceeds, repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the company serving notice, the company shall repay to the Secretary of State sums determined by reference to

- the value at the time of the Academy's site and premises and other assets held for the purposes of the company,
- and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

25. CAPITAL COMMITMENTS

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

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	-	92

A grant has been received for improvements to the staff room, the receipt of the grant has been shown in the SOFA under restricted fixed asset funds.

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 Worcestershire 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.

Contributions amounting to £11,196 were payable to the scheme at 31 August 2014 (2013 - £11,642) and are included within creditors.

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

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

Teachers' Pension Scheme Changes

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

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

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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 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 £29,523, of which employer's contributions totalled £23,010 and employees' contributions totalled £6,513. The agreed contribution rates for future years are 21.2% 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 2014 %	Fair value at 31 August 2014 £000	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £000</i>
Equities	7.00	100	7.00	91
Bonds	3.80	7	4.40	6
Property	6.20	-	5.70	-
Cash	0.50	1	0.50	4
Other	7.00	-	7.00	-
Total market value of assets		<u>108</u>		<u>101</u>
Present value of scheme liabilities		<u>(346)</u>		<u>(265)</u>
Deficit in the scheme		<u>(238)</u>		<u>(164)</u>

The amounts recognised in the Balance sheet are as follows:

	2014 £000	2013 £000
Present value of funded obligations	(346)	(265)
Fair value of scheme assets	<u>108</u>	<u>101</u>
Net liability	<u>(238)</u>	<u>(164)</u>

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

	2014 £000	2013 £000
Current service cost	(26)	(24)
Interest on obligation	(12)	(10)
Expected return on scheme assets	<u>7</u>	<u>5</u>
Total	<u>(31)</u>	<u>(29)</u>
Actual return on scheme assets	<u>11</u>	<u>12</u>

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26. PENSION COMMITMENTS (continued)

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

	2014	2013
	£000	£000
Opening defined benefit obligation	265	224
Current service cost	26	24
Interest cost	12	10
Contributions by scheme participants	7	7
Actuarial Losses	36	-
	<hr/>	<hr/>
Closing defined benefit obligation	346	265
	<hr/>	<hr/>

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

	2014	2013
	£000	£000
Opening fair value of scheme assets	101	56
Expected return on assets	7	5
Actuarial gains and (losses)	(34)	7
Contributions by employer	27	26
Contributions by employees	7	7
	<hr/>	<hr/>
	108	101
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and (losses) was £63,000 loss (2013 - £7,000 gain).

The Academy expects to contribute £31,000 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	7.00 %	7.00 %
Bonds	3.80 %	4.40 %
Cash	0.50 %	0.50 %

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

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.50 %
Rate of increase in salaries	3.70 %	3.90 %
Rate of increase for pensions in payment / inflation	2.20 %	2.40 %
Inflation assumption (CPI)	2.20 %	2.40 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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26. PENSION COMMITMENTS (continued)

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

	2014	2013
Retiring today		
Males	23.3	22.5
Females	25.7	25
Retiring in 20 years		
Males	25.5	24.3
Females	28	27

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

Defined benefit pension schemes

	2014	2013	2012
	£000	£000	£000
Defined benefit obligation	(346)	(265)	(224)
Scheme assets	108	101	56
Deficit	(238)	(164)	(168)
Experience adjustments on scheme liabilities	(36)	-	(16)
Experience adjustments on scheme assets	(34)	7	(3)

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 Governor 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.

S Marklew, printer drum and inks - (2013: £99)
C Nash, Governors training course - (2013: £90)

The Governors also received NGA membership and had a SLA with WCC for £80, for Governor services.