

The Rural Enterprise Academy
(A Company Limited by Guarantee)
Report and Financial Statements
Period 31 May 2011 to 31 August 2012

The Rural Enterprise Academy

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The Rural Enterprise Academy

Reference and Administrative Details

Governors (Trustees)	G M Morley (Chair)
	R Faulkner
	W L Trigg
	M Robertson
	W Avery
	S Bard
	R Fairweather
	C Felgate (Parent governor – apptd 16/10/12 – resigned 22/11/2012)
	L Makin (Principal and Accounting Officer (apptd 1/9/2012)
	J Mercer
	A Perry (Parent governor – apptd 16/10/12)

(Governors were appointed on 13/7/12 unless indicated otherwise)

Company Secretary	C Simmons
Principal Designate	L Makin
Principal and Registered Office	Rodbaston, Penkridge, Staffordshire, ST19 5PH
Company Registration Number	7652211
Independent Auditor	KPMG LLP, One Snowhill, Birmingham B4 6GH
Bankers	Yorkshire Bank, Temple Point, 1 Temple Row Birmingham B2 5YB
Solicitors	Pickering & Butters, 19 Greengate Street Stafford, ST16 2LU
	Devonshire's, 30 Finsbury Circus, London, EC2M 7DT

The Rural Enterprise Academy

Governors' Report

The trustees present their report together with the financial statements and auditor's report of the charitable company for the fifteen month period ended 31 August 2012.

Structure, Governance and Management

Constitution

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

The governors act as the trustees for the charitable activities of The Rural Enterprise Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Rural Enterprise Academy and was incorporated on 31st May 2011.

The Company was set up, as required, in advance of the submission to create a new free school. Thus for this initial period of account both income and expenditure relates to set up costs. There are four members who have been in place throughout this period. Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

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.

Insurance cover to £1m has been in place for governor liability for the period of accounts.

Principal Activities

The main purpose is to establish, maintain, continue, manage and develop a school offering a broad and balanced curriculum. This is a new school scheduled to be completed in two phases. Phase 1 is the refurbishment of current buildings and was ready for school opening on 5 September 2012 with 40 learners (year 10) rather than the 90 originally anticipated. Phase 2 will be completed early in 2013 and a further 60 learners (year 10) are expected. A level provision was originally planned for September 2012 but this has been delayed until September 2014.

Method of Recruitment and Appointment or Election of governors

South Staffordshire College led on the submission to the Department for Education for the set up of the Trust and the four members were appointed prior to the bid submission. The four members may appoint up to 6 governors. The members may appoint staff governors provided the total number of governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of governors. Parent governors are elected by parents of the registered pupils at the Academy. Should the number of parent governors elected by parents of the registered pupils at the Academy be less than the number of vacancies then the Governing Body shall appoint a person who is the parent of a child of compulsory school age. The members may appoint 1 governor from each of the NFU and Veolia.

The Rural Enterprise Academy

Governors' Report (continued)

Risk Management

For the initial period a risk register was compiled to address the key risks to school opening. The members together with officers from the Department for Education appointed project managers to work with them to ensure delivery to timescales. In addition the skills from the College's leadership team were utilised to ensure all aspects were progressed as necessary.

Connected Organisations, including Related Party Relationships

The Academy is supported by South Staffordshire College who are the lead sponsor and provide resources and expertise to establish the free school on its campus at Rodbaston. Two companies, the NFU and Veolia are also sponsors and their support included assisting in the promotion of this new school within the land-based sector as well as a financial contribution towards the cost of uniforms.

Auditors

The members at a Trust meeting held on 15/12/11 approved the appointment of the internal auditors for the interim period first year. The board of governors at their meeting on 13/7/12 appointed both internal and external auditors for the period to 31/7/13.

Objectives and Activities

Objectives, Strategies and Activities

The main focus for this interim period was to set up the school and recruit learners and staff for September 2012 opening. The building work was planned over two stages with the second stage on schedule for completion by February 2013. Stage one was completed and the school opened on time.

Public Benefit

For the future it is expected that the Academy will be able to promote the facilities for recreation or other leisure time for individuals who have need of such facilities to improve the condition of life of those individuals.

It addresses a skills shortage and should encourage a resurgence of rural enterprise. The governors have referred to the guidance issued by the Charity commission on public benefit.

Achievements and Performance

The Trustees have worked to ensure the opening of this new school in September 2012, in conjunction with South Staffordshire College and the Department for Education, to facilitate the refurbishment of buildings leased from the College.

The Rural Enterprise Academy

Governors' Report (continued)

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust has adequate resources to operate for the foreseeable future. For this reason it adopts 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.

Financial Review

For this initial period, prior to the school opening, the financial information is limited to those costs incurred in preparation for opening and include project management costs, pay costs of the Principal Designate as well as lead-in costs such as advertising, marketing etc. This expenditure was funded by the Department for Education. No charges were levied for support services provided by the College.

Financial and Risk Management Objectives and Policies

During the set up of the school the project managers compiled a risk register and reported regularly on progress to the project steering group as well as to the Department for Education. Such reporting included financial monitoring of the lead in budget.

Principal Risks and Uncertainties

Key risks identified included failure to open on time or recruit sufficient learners to ensure financial viability.

Reserves Policy

In this initial set-up period there are no reserves held. During the first year of trading (2012/13) the governors will develop a reserves policy.

Investment Policy

The academy trust will invest any surplus monies on deposit with major UK clearing banks.

Plans for Future Periods

The next milestone will be increasing recruitment for the next academic year when it is expected that a further 60 pupils will enrol. The sponsors are committed to assisting with marketing and promoting the academy especially within the land-based sector.

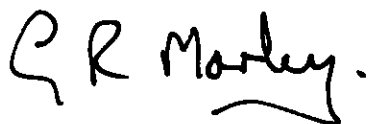
Auditor

In so far as the governors are aware:

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

Approved by order of the members of the governing body on 11th December 2012 and signed on its behalf by:

G Morley



The Rural Enterprise Academy

Chair

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that The Rural Enterprise 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 governing body 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 Rural Enterprise Academy Trust 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.

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of governors' responsibilities. The governing body has formally met once only during the period of the accounts on 15th August 2012. At this meeting two committees, the Audit committee and Performance committee and their membership were established.

The Purpose of the System of Internal Control

For the period to 31 August 2012 the systems utilised were those of South Staffordshire College. As such the system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Rural Enterprise Academy for the year ended 31 August 2012 with separate systems in place from September 2012 to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The members, supported by staff from the Department for Education and South Staffordshire College reviewed the key risks to which the academy trust was exposed together with the financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process will be regularly reviewed by the governing body.

The Risk and Control Framework

The academy trust's system of internal financial control for this period was undertaken utilising the College's systems which are audited and provided reporting on the spend of both revenue and capital and also submitted claims for these funds.

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Governance Statement (continued)

Review of Effectiveness

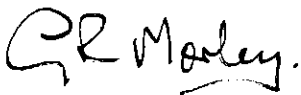
- comprehensive budgeting and monitoring systems with an annual budget which are reviewed and agreed by the governing body;
- regular reviews by the Project steering group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

As accounting officer, the Principal, has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management process;
- the work of the executive managers from South Staffordshire College who worked closely with the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Performance Committee.

Approved by order of the members of the governing body on 11 December 2012 and signed on its behalf by:



G Morley

Chair



L Makin

Accounting officer

The Rural Enterprise Academy

Statement on Regularity, Propriety and Compliance

As accounting officer of The Rural Enterprise Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. Any occurring after the date of this statement will be notified to the governing body and the EFA.



L Makin

Accounting officer

The Rural Enterprise Academy

Statement of Governors Responsibilities

The governors (who act as trustees for charitable activities of The Rural Enterprise 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 Requirements 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 in 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; and
- 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 2012 and signed on its behalf by:



G Morley

Chair

The Rural Enterprise Academy

Independent Auditor's Report on the Financial Statements to the Governing Body of The Rural Enterprise Academy

We have audited the financial statements of The Rural Enterprise Academy for the period ended 31 August 2012 set out on pages 13 to 20. The financial reporting framework that has been applied in their preparation is applicable law, the Academies: Accounts Direction 2011/12 and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's (the Trust's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2011/12 issued by the Education Funding Agency ("EFA") on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2011/12 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9 the Trustees' (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies: Accounts Direction 2011/12 issued by the EFA

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Academy, 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;

The Rural Enterprise Academy

- certain disclosures of Trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.



M J Rowley (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Birmingham
B4 6GH

18th December 2012

The Rural Enterprise Academy

Independent Accountant's Report on Regularity to the Governing Body of The Rural Enterprise Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 10 November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 31 May 2011 to 31 August 2012 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 governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 31 May 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 31 May 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



M J Rowley (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Birmingham
B4 6GH

18th December 2012

STATEMENT OF FINANCIAL ACTIVITIES
for the period ended 31 August 2012

(Including Income and Expenditure Account)

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2012
		£000	£000	£000	£000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	-	-	1,036	1,036
Activities for generating funds		-	-	-	-
Investment income		-	-	-	-
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	3	-	167	1,602	1,769
Total incoming resources		-	167	2,638	2,805
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	-	-	-
Fundraising trading		-	-	-	-
<i>Charitable activities:</i>					
Academy's educational operations	4	-	163	-	163
Governance costs	5	-	4	-	4
Total resources expended		-	167	-	167
Net incoming / (outgoing) resources before transfers		-	-	2,638	2,638
Gross transfers between funds		-	-	-	-
Net income/(expenditure) for the period		-	-	2,638	2,638
Other recognised gains and losses					
Actuarial (losses) gains on defined benefit pension schemes					
Net movement in funds		-	-	2,638	2,638
Reconciliation of funds					
Funds brought forward at 1 September 2011		-	-	2,638	2,638
Funds carried forward at 31 August 2012		-	-	2,638	2,638

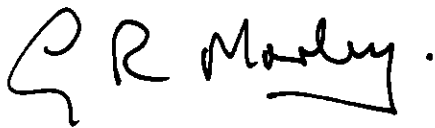
All of the academy's activities derive from continuing operations.

A statement of Total Recognised Gains and Losses is not required, as all gains and losses are included in the Statement of Financial Activities.

Balance sheet
as at 31 August 2012

		2012	2012
		£000	£000
Fixed assets			
Tangible assets	6		2,638
Current assets			
Stock		-	
Debtors	7	272	
Cash at bank and in hand		1,507	
		<u>1,779</u>	
Creditors: Amounts falling due within one year	8	<u>(1,779)</u>	
Net current assets			<u>0</u>
Total assets less current liabilities			2,638
Net assets excluding pension liability			2,638
Net pension liability			-
Net assets including pension liability			<u>2,638</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund(s)			2,638
General fund(s)	9		-
Total Restricted funds			<u>2,638</u>
Unrestricted funds			
General fund(s)			-
Pension reserve			-
Total Unrestricted funds			<u>-</u>
Total Funds			<u>2,638</u>

The financial statements on pages 13 to 20 were approved by the Governors, and authorised for issue on 11 December 2012 and were signed on its behalf by:



G Morley
 Chairman



L Makin
 Principal

Company Number 07652211

Cash flow statement
for the period ended 31 August 2012

		2012 £000
Net cash inflow from operating activities	10	83
Returns on investments and servicing of finance		-
Capital expenditure	11	1,424
(Decrease)/Increase in cash in the year	12	<u>1,507</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 1 May 2012		-
Net funds at 31 August 2012		<u>1,507</u>

1 Statement of Accounting Policies***Basis of Preparation***

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

Going Concern

The 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.

Incoming Resources

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

Grants receivable

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

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

Other income

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

Donated Services and gifts in kind

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

The Rural Enterprise Academy will occupy land, refurbished buildings, and newly constructed buildings owned by South Staffordshire College. A lease arrangement gives the right to occupy for a period of 30 years at which point ownership will revert back to South Staffordshire College. The assets transferred from the College are recognised at depreciated replacement cost.

Resources Expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance Costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of any irrecoverable VAT.

Tangible Fixed Assets

In this initial accounting period The Rural Enterprise Academy buildings were still under construction and unoccupied. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Notes (continued)**1 Statement of Accounting Policies (continued)****Leased Assets**

The Academy has entered into a 30 year lease with South Staffordshire College to occupy former College buildings, which are currently under refurbishment, and newly built accommodation when completed for a peppercorn rent.

Stock

No stock held in this accounting period.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2011 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.

Pensions Benefits

In the set up period for the Academy no staff were directly employed by the Academy.

In the future retirement benefits to employees of the Academy Trust will be 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 Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by Department for Education 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 Education Funding Agency.

Notes (continued)

	Restricted General Funds £000	Total 2012 £000
2 Voluntary Income		
Gifts in Kind	1,036	1,036
	<u>1,036</u>	<u>1,036</u>

	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
3 Funding for Academy's educational operations			
Dfe/EFA revenue grant	-	-	-
General Annual Grant (GAG) (Note 2)	-	-	-
Start Up Grants	167	-	167
Capital Grant	-	1,602	1,602
Other Dfe/EFA grants	-	-	-
	<u>167</u>	<u>1,602</u>	<u>1,769</u>

	Unrestricted Funds £000	Restricted General Funds £000	Total 2012 £000
4 Charitable Activities - Academy's educational operations			
Direct Costs:			
Teaching and educational support staff costs	-	-	-
Depreciation	-	-	-
Educational supplies	-	15	15
Examination fees	-	-	-
Staff development	-	1	1
Educational consultancy	-	-	-
Other direct costs	-	25	25
	-	<u>41</u>	<u>41</u>
Allocated support costs:			
Support staff costs	-	65	65
Depreciation	-	-	-
Recruitment and support	-	2	2
Maintenance of premises and equipment	-	-	-
Cleaning	-	-	-
Rent & rates	-	2	2
Insurance	-	1	1
Security and transport	-	-	-
Catering	-	-	-
Bank interest and charges	-	-	-
Other support costs	-	52	52
	-	<u>122</u>	<u>122</u>
	-	<u>163</u>	<u>163</u>

Staff costs including pension contributions in this initial period have been recharged from South Staffordshire College and relate to the costs of the Principal Designate for the period April 2012 to August 2012.

	Unrestricted Funds £000	Restricted General Funds £000	Total 2012 £000
5 Governance costs			
Legal and professional fees	-	-	-
Auditors remuneration:			
* Audit of financial statements	-	4	4
* Responsible officer audit	-	-	-
Support costs	-	-	-
Governors' reimbursed expenses	-	-	-
	-	<u>4</u>	<u>4</u>

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 £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was £1,540 (2011 - £1,496).

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

No payments were made to Governors during this period.

	Leasehold buildings £000	Assets under construction £000	Total £000
6 Tangible Fixed Assets			
<i>Cost or valuation</i>			
Additions	1,036	1,602	2,638
<i>Net book value</i>			
At 31 August 2012	<u>1,036</u>	<u>1,602</u>	<u>2,638</u>

As at 31 August 2012 The Rural Enterprise Academy buildings were still under construction and unoccupied. Assets transferred from South Staffordshire College and assets in the course of construction have been included at cost. The assets will be valued when brought into use. Depreciation on these assets will not be charged until they are brought into use

	Total 2012 £000
7 Debtors	
Trade debtors	272
Prepayments	-
Other debtors - taxation	-
	<u>272</u>
	Total 2012 £000
8 Creditors: amounts falling due within one year	
Trade creditors	145
Other creditors	1
Accruals and deferred income	1,633
	<u>1,779</u>

	Balance as at 31 May 2011 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance as at 31 August 2012 £000
9 Funds					
Restricted general funds					
General Annual Grant (GAG)	-	-	-	-	-
Start Up Grant	-	167	(167)	-	-
Other DfE/EFA grants	-	-	-	-	-
	-	<u>167</u>	<u>(167)</u>	-	-
Restricted fixed asset funds					
DfE capital grants	-	-	1,602	-	1,602
Capital expenditure from GAG	-	-	-	-	-
Private sector capital sponsorship	-	-	1,036	-	1,036
	-	-	<u>2,638</u>	-	<u>2,638</u>
Total restricted funds	-	<u>167</u>	<u>2,471</u>	-	<u>2,638</u>
Unrestricted funds					
Unrestricted funds	-	-	-	-	-
Pension Reserve	-	-	-	-	-
Total unrestricted funds	-	-	-	-	-
Total Funds	-	<u>167</u>	<u>2,471</u>	-	<u>2,638</u>

The specific purposes for which the funds are to be applied are to establish the infrastructure, policies, procedures and curriculum in advance of the Academy opening in September 2012.

	Total 2012 £000
10 Reconciliation of net income to net cash inflow from operating activities	
Net Income	2,638
Voluntary donation in kind (note 2)	(1,036)
Capital grants from Dfe and other capital income	(1,602)
(Increase)/decrease in debtors	(94)
Increase/(decrease) in creditors	177
Net cash inflow from operating activities	83

	Total 2012 £000
11 Capital expenditure and financial investment	
Purchase of tangible fixed assets	-
Capital grants from DfE/EFA	1,424
Capital funding received from sponsors and others	-
Receipts from sale of tangible fixed assets	-
Net cash outflow from capital expenditure and financial investment	1,424

	Balance as at 31 May 2011 £000	Cash flows £000	At 31 August 2012 £000
12 Analysis of changes in net funds			
Cash in hand and at bank	-	1,507	1,507
	-	1,507	1,507

	Total 2012 £000
13 Capital Commitments	
Commitments contracted for at 31 August	2,517
Commitments authorised but not contracted for at 31 August	125

14 Related parties note
Six members of the governing body are representatives of South Staffordshire College, the lead sponsor of the Rural Enterprise Academy. The Academy had a balance of £367k relating to revenue costs and £348k relating to capital expenditure owing to South Staffordshire College as at 31 August 2012.

15 Members' Liability
Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, ceases to be a member or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.