



**Looe Community Academy Trust
(A company limited by guarantee)**

Annual report and financial statements

For the 7 month period ended 31 August 2012

Company registration number 07909371 (England & Wales)

Looe Community Academy Trust

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Looe Community Academy Trust

Reference and administrative details

For the period ended 31 August 2012

Governors (Trustees)	M Evans * #	(appointed 13 January 2012)
	H Jenkins + * #	(appointed 13 January 2012)
	K Mordan +	(appointed 13 January 2012)
	S Brock ✓	(appointed 1 February 2012)
	P Prisk * # ✓	(appointed 1 February 2012)
	E Hannaford ✓	(appointed 1 February 2012 and resigned 12 December 2012)
	J Hearnden + #	(appointed 1 February 2012)
	M Lewis ✓	(appointed 1 February 2012)
	S Thomas +	(appointed 1 February 2012)
	T Wardle *	(appointed 1 February 2012)
	J Kevern * ✓	(appointed 1 February 2012)
	P Lewis + ✓	(appointed 1 February 2012)
	G Walton ✓	(appointed 1 February 2012)
	M Long +	(appointed 1 February 2012)
	B Pearn + * #	(appointed 1 February 2012 and resigned 26 October 2012)
	C Lintern * ✓	(appointed 1 February 2012 and resigned 2 July 2012)

+ Finance and Premises Committee

Salary Review Committee

* Curriculum and Personnel Committee

✓ PSCHE Committee

Secretary	S Green	(appointed 13 January 2012)
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Senior management team

Headteacher	H Jenkins
Deputy headteacher	M Keveth
Deputy headteacher	C Damerell
Business manager	S Green

Principal and Registered Office

Sunrising
EAST LOOE
Cornwall
PL13 1NQ

Company Registration Number

07909371

Auditors

Robinson Reed Layton
Peat House
Newham Road
TRURO
TR1 2DP

Bankers

Lloyds TSB Bank
Exeter Business Centre
234 High Street
EXETER
EX4 3NL

Looe Community Academy Trust

Reference and administrative details

For the period ended 31 August 2012

Solicitors

Cornwall Council Legal Services
County Hall
Treyew Road
TRURO
TR1 3AY

Actuary

Hymans Robertson LLP
20 Waterloo Street
GLASGOW
G2 6DB

Looe Community Academy Trust

Governors' report

For the period ended 31 August 2012

The governors present their annual report together with the financial statements and the auditor's reports of the academy for the period ended 31 August 2012.

Structure, Governance and Management

Constitution

The academy is a company limited by guarantee and an exempt charity. The company was incorporated on 13 January 2012 and on 1 February 2012 commenced its principal activity of providing secondary education for students aged 11 to 16. The charitable company's memorandum and articles of association are the primary governing documents of the academy.

The governors act as the trustees for the charitable activities of Looe Community Academy Trust and are also the directors of the charitable company for the purposes of company law. The academy is known as Looe Community Academy Trust.

Details of the governors who served during the period are included in the reference and administrative details on page 1.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect governors from claims arising from negligent acts, errors or omissions occurring whilst on the academy's business. The insurance provides cover up to £10 million on any one claim.

Principal activities

The academy's principal activity during the period was that of the provision of secondary school education for students aged 11 to 16.

The governing body of Looe Community Academy Trust ensures sound governance and financial practice and compliance to support outstanding education and a safe learning environment for our students.

Method of recruitment and appointment or election of governors

Prior to conversion to academy status Looe Community Academy Trust's governing body was already an experienced group and the same governors transferred across when the conversion to academy status took place. They had previously received much information when they were first enrolled. Most had undertaken governor-specific training. They were all given further guidance to assist in their new roles as trustees. Key information provided during their time as school or academy governors includes:

- Governor Induction Pack which included such essential documents as the Instrument of Government and comprehensive Terms of Reference, the DfE Guide to the Law and important websites for further information;
- Looe Community School's governor induction procedure;

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Governors' report

For the period ended 31 August 2012

Method of recruitment and appointment or election of governors (continued)

- The Good Practice Guide for Governing Bodies - a protocol for working together;
- The Charity Commission's publications: A Guide for Trustees; Being a Trustee; Internal Controls.
- Looe Community Academy's Code of Conduct.
- Committee on Standards in Public Life: The Seven Principles of Public Life.

Governors visit the academy and meet with the headteacher, deputy headteachers and business manager and are encouraged to take part in the extensive range of governor courses, particularly the Induction for Governors Part 1 and 2 and any other course that they feel would be beneficial to them, all arranged and funded by the academy.

Policies and procedures adopted for the induction and training of governors

All new governors are assigned an experienced governor mentor to assist them in taking on new responsibilities, and are required to attend the new governor training course provided by County Council.

Organisational structure

Looe Community Academy Trust has followed the organisational structure laid down in the Articles of Association that were registered with Companies House on 13 January 2012. The previous governing body transferred across intact, to become the new board of directors when the conversion took place and their existing terms of office continued.

To ensure its business is conducted efficiently, the governing body delegates responsibilities through agreed terms of reference to the following standing committees: Finance and Premises; Curriculum and Personnel; Personal, Social, Health and Citizenship Education; Salary Review. Other committees are formed as required. Governors exercise their corporate responsibilities by serving on one or more of these committees. Outcomes are shared across the governing body through the circulation of minutes and via updates at full governing body meetings.

Day to day management of the academy and implementation of the governing body's strategic direction, policies and procedures is delegated to the headteacher, who is supported by two deputy headteachers and the business manager. At least one member of the academy's senior leadership team attends each of the committee or full governing body meetings to provide operational advice to the governors.

Risk management

The governors of Looe Community Academy Trust are responsible for the management of the risks faced by the academy. Risks are identified, assessed and controls established throughout the year. The major risks to which the academy is exposed have been reviewed and systems have been developed to monitor and control those risks to mitigate any impact that they may have on the academy in the future.

Connected organisations, including related party relationships

None as at 31st August 2012.

Looe Community Academy Trust

Governors' Report

For the period ended 31 August 2012

Objectives and activities

Objects and aims

The academy was established through its articles of association with the following objects:

“to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum (“the academy”); and

“to promote for the benefit of the inhabitants of Looe and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants”.

Objectives, strategies and activities

The academy's primary objective during the period was to raise student aspiration. This was achieved through the academy's “Be the Best You Can Be!” strategy, where the academy engaged with 21st Century Legacy™ through a programme that built on the London 2012 games to inspire students to set life goals and then to equip and empower them to identify, anticipate and overcome barriers in order to achieve their targets. Activities included training for all teaching staff, coaching and mentoring of students and workshops with Olympic silver medallist and Team GB sailing coach Joe Glanfield. To remind them of their goal-setting activity, all students involved in the programme received a commemorative medallion that was minted alongside the London 2012 Olympic medals in the Royal Mint.

Students, parents and staff were consulted on uniform changes as the academy sought to drive aspiration and self-motivation through its strategy to “dress for success”. Blazers are now worn with a new academy tie and a new badge designed by students as an expression of their Cornish heritage, including the incorporation of “Be the Best You Can Be!” via its Cornish translation as “Bydh gwella gylli”.

Improving student literacy was seen as a key objective that would enable enhanced access to the whole curriculum. The strategy was to target those with low reading ages through renewed programmes of literacy intervention supported by whole-staff training developed by the academy's leader of learning for English. The academy employed additional specialist teachers and carefully timetabled intervention activities to help students develop this critical aspect of their education and placed a cross-curricular emphasis on the whole-academy literacy programme.

Collaboration continued to be a key objective for the academy, working through the South East Cornwall Learning Partnership to provide a broader curriculum offer at Key Stage 4 and working with the local primary schools through the Looe Learning Forum to share best practice and to work collaboratively to pursue mutual benefits.

Through its family support manager, the academy was able to engage externally to work with families to resolve parenting and carer issues and to improve educational engagement both for students attending the academy and for students from our primary schools. Within the academy, additional support was provided for vulnerable students through drama therapy and mentoring sessions provided by external professionals.

Looe Community Academy Trust

Governors' Report

For the period ended 31 August 2012

Objectives, strategies and activities

Social responsibility was high on the agenda as students raised funds for local, regional, national and international charities, as prioritised by the Student Council. Beneficiaries included Ellie's Haven, Children's Hospice South West, Lifeblood: the Thrombosis Charity and the Pearl of Africa which provides education for orphaned children in Uganda. Furthermore, the students voluntarily embarked upon a sustainability project for the academy.

Community outreach featured through performing arts workshops with primary students, culminating in performances at the academy's Dance Showcase, and through our sports leadership project where our students organised a sporting festival involving primary students as they worked towards their Junior Sports Leader Award. In addition, the academy opened its doors to the whole community with its production of the Little Shop of Horrors, the acclaimed Olympic fashion show and the Summer Fayre. Students arrange a charity singing performance by staff at the local church to raise funds via the arts for St Martin's community project and students performed with staff at the Keay Theatre in St Austell in a joint production with Cornwall College.

Public benefit

As well as being the largest independent employer in the area, Looe Community Academy Trust is a central part of the local community and this aspect of our business is firmly embedded as an object in our articles of association. Our facilities are used 52 weeks of the year for up to 14 hours a day for education and/or extended services provision which is accessible by the whole community through students' clubs, holiday clubs and external clubs, groups and organisations hiring our facilities.

In developing this aspect of its business, the academy remains cognisant of the Charity Commission's two key principles on public benefit, namely that there must be an identifiable benefit (or benefits) and that the benefit must be to the public (or a section of the public).

Achievements and performance

The key national measure of performance is the percentage of students leaving the academy having secured five or more GCSE (or equivalent) A* to C grades, including English and Maths. Though affected by the controversial national issue over the marking of English GCSE papers, the academy still achieved 58% (national average 2011 was 57%), the best ever outcome since this measure was introduced and continuing the improving trend that has seen these results rise over the past 5 years: 43%, 44%, 45%, 53%, 58%. The academy also achieved, for the first time, its Fischer Family Trust level D target of 58%.

The upward trend also continued against the measure of five or more GCSE (or equivalent) A* to C grades (not including English and Maths), which was also the best ever at 81% (national average 2011 was 79%), producing a 3 year trend of: 61%, 66%, 81%.

Though not set as a target, there remains interest nationally in the English Baccalaureate, with 18% achieving this compared to the 2011 national average of 15%.

The academy's capped points score was 354 compared to the 2011 national average of 335.

(Note: The 2012 national averages were not available at the time of publication).

Looe Community Academy Trust

Governors' Report

For the period ended 31 August 2012

Key financial performance indicators

The main financial performance indicators that Looe Community Academy Trust governors use to govern themselves are to ensure that annual delegated funds are not being overspent or reserves are not being kept to an extreme level, over and beyond the agreed balances policy. Also, to ensure funds are being spent appropriately on the current pupils of Looe Community Academy Trust.

Financial review

Financial report for the period

The academy's first accounting period is for 7 months from 1 February 2012 to 31 August 2012.

Most of the academy's income is derived from the Young People's Learning Agency (YPLA) which transferred in April 2012 to the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the period to 31 August 2012, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The academy also received grants for fixed assets from:

- the YPLA/EFA via the devolved formula capital grant; and
- Cornwall Council as a contribution towards the long overdue replacement of window walling and the replacement or waterproofing of the worst affected flat roofs. This major refurbishment project was very welcome and will improve greatly the educational environment, but it exposed additional, unforeseen essential work that delayed completion and gave rise to additional unplanned costs in the subsequent financial year.

Such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund will be reduced by annual depreciation charges over the expected useful life of the assets concerned.

Financial position

The governors consider the financial period end position of £7,859,461 comprising £7,575,504 of restricted fixed asset funds, £(151,820) of restricted funds and £435,777 of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(239,000) and general restricted funds of £87,180.

Financial and risk management objectives and policies

Risk is managed at Looe Community Academy Trust through sound financial practice stipulated in the academy's finance policy. The academy operates a strong scheme of delegation policy and improving internal audit system to ensure financial procedures are correctly adhered to on a regular basis.

Over the next financial year, the academy's financial objectives include strengthening these procedures with improved internal auditing and increased collaborative working with advice from external auditors to obtain best practice.

Looe Community Academy Trust

Governors' Report

For the period ended 31 August 2012

Principal risks and uncertainties

The principal future financial risks that Looe Community Academy Trust currently faces are the uncertainties over future funding levels and income sources, particularly as the academy will lose funding previously received for its two specialist statuses, small school protection, extended services and 14-19 diploma provision. Through the EFA, the DfE is currently developing a future funding formula that aims to be more transparent and equitable, both across maintained schools and academies within Cornwall and ultimately across all educational establishments in the country. The formula is currently set to include protection that limits the reduction to 1.5% per pupil between financial years. However, pupil numbers are declining over the next few years and this is not protected.

The lack of detailed budgetary information makes long term financial planning difficult, though the 3-year budget plan approved by the governing body in July 2012 made provision for all of the above factors. However, academy staff and governors will ensure to identify any potential problems and take appropriate strategic action as early as possible to ensure that the organisation is prepared for potential funding reductions but is still able to maintain the high levels of education standards for the students of Looe Community Academy Trust.

Reserves policy

Looe Community Academy Trust governors aim to control reserves to an agreed level to ensure excessive balances are not held at any one time. Governors will ensure that delegated funds are spent appropriately on the pupils of Looe Community Academy Trust and that government balances policies will always be adhered to.

However, governors are also aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future for Looe Community Academy Trust. Any future financial trends are identified early by good financial planning and regular monitoring by finance staff and the Looe Community Academy Trust finance committee

Investment policy

The governors of Looe Community Academy Trust are not allowed to make financial investments with any level of risk with third party organisations that may threaten the future of our organisation.

Plans for future periods

The approved 3-year budget plan makes provision for the continued broad, balanced and varied curriculum offered by the academy through its own staff, facilities and resources, and through the collaborative work with local secondary schools via the South East Cornwall Learning Partnership.

The academy has developed the following strategic improvement priorities and supporting development activities for the coming year through analysis and feedback from students, parents/carers, staff, senior leadership team, governors and the community (e.g. through formal surveys, student council, academic evenings, open evening, departmental and year group meetings, committee meetings, working groups, community groups and facility users):

Looe Community Academy Trust

Governors' Report

For the period ended 31 August 2012

Plans for future periods (continued)

Strategic Priorities	Development Activities for AY12/13
<p>Inside the Classroom</p> <ol style="list-style-type: none"> 1. Improve the consistency of teaching 2. Raise academic expectations 3. Improve the students' quality and presentation of work 	<p>Inside the Classroom</p> <ol style="list-style-type: none"> 1. Good to outstanding – using Teachers' Standards, new framework, IRIS 2. Develop whole school literacy 3. Improve SEND provision/develop new TA teams
<p>Learning Potential</p> <ol style="list-style-type: none"> 1. Develop the successful characteristics of learners 2. Raise aspiration 3. Increase pride 	<p>Learning Potential</p> <ol style="list-style-type: none"> 1. Whole school PSHCE/L2L 2. Be the best you can be (year 2) 3. Learning conversations regarding barriers to learning
<p>Outside the Classroom</p> <ol style="list-style-type: none"> 1. Improve communication and engagement with parents to support learning 2. Develop a student culture of independent learning out-of-hours 3. Improve students' outcomes through partnership working 	<p>Outside the Classroom</p> <ol style="list-style-type: none"> 1. SEAL for parents/e-safety 2. Develop learning support base 3. THRIVE programme with cluster

In addition, the academy will use and develop its data and management information systems to track and identify progress so as to develop and resource support and intervention strategies that continue to raise achievement and attainment.

In a climate of falling student numbers in the region, the academy will focus on enhancing its reputation and image to retain students on roll and to attract students on to roll. The new academy uniform, new minibuses and the refurbished main building all contribute to the visible element of this strategy, but the strategy will be equally dependent upon the robust application of student behaviour and discipline policies as well as an effective approach to staff recruitment, retention, performance and development.

The academy will seek to achieve best value by:

- challenging how and why services are provided;
- comparing performance with similar schools/academies, neighbouring schools/academies and within the academy;

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Governors' Report

For the period ended 31 August 2012

Plans for future periods (continued)

- consulting with appropriate stakeholders before major decisions are made;
- competing key support services, including those traditionally provided through Cornwall Council, to ensure delivery in the most economic, efficient and effective way;
- collaborating with others to secure and/or enhance economy, efficiency, effectiveness, quality, performance, availability, security and other benefits.

Having established charitable status, the academy will seek to expand its activities for public benefit by accessing charitable funding.

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.

Funds held as Custodian Trustee on behalf of others

There are no such funds.

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the academy'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.

Approval

Approved by order of the members of the Governing Body on 10 December 2012 and signed on its behalf by:

K Mordan

Vice chair

Looe Community Academy Trust

Governance statement

For the period ended 31 August 2012

Scope of responsibility

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

The governing body has 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 Looe Community Academy Trust and the Secretary of State for Education. The Accounting Officer is 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 5 times during the year.

Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
S Brock	1	5
M Evans	5	5
E Hannaford	2	5
J Hearnden	3	5
H Jenkins	5	5
J Kevern	3	5
M Lewis	4	5
P Lewis	5	5
K Mordan	4	5
P Prisk	2	5
S Thomas	4	5
G Walton	4	5
T Wardle	4	5
M Long	4	5
B Pearn	2	5
C Lintern	4	4

The purpose of the system of internal control

The system of internal control is designated 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 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 Looe Community Academy Trust for the period ended 31 August 2012 and up to the date of the annual report and financial statements.

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Governance statement

For the period ended 31 August 2012

Capacity to handle risks

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body 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 period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the finance and premises 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; and
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed a Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of Effectiveness

As accounting officer, the head teacher 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 Responsible Officer.
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework,

Looe Community Academy Trust

Governance statement

For the period ended 31 August 2012

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and premises committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approval

Approved by order of the members of the Governing Body on 10 December 2012 and signed on its behalf by:

K Mordan
Vice chair

H Jenkins
Accounting Officer

Looe Community Academy Trust

Statement on regularity, propriety and compliance

For the period ended 31 August 2012

As accounting officer of Looe Community Academy Trust I have considered my responsibility to notify the academy governing body 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.

I confirm that I and the academy governing body 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.

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

H Jenkins

Accounting officer

Looe Community Academy Trust

Statement of governors' responsibilities

For the period ended 31 August 2012

The governors (who act as trustees for the charitable activities of Looe Community Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts 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 academy 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 judgements and 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 academy will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy 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 academy 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 academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

Approved by order of the members of the Governing Body on 10 December 2012 and signed on its behalf by:

K Mordan
Vice chair

Looe Community Academy Trust

Independent auditor's report on the financial statements to the governing body of Looe Community Academy Trust

We have audited the financial statements of Looe Community Academy Trust for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Income and Expenditure Account, 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the statement of governors' responsibilities set out on page 15, 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 (APB'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 financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Looe Community Academy Trust

Independent auditor's report on the financial statements to the governing body of Looe Community Academy Trust

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governor's 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 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.

Graham D Boulton FCA (Senior Statutory Auditor)
For and on behalf of Robinson Reed Layton
Chartered Accountants
Statutory Auditors

Peat House
Newham Road
TRURO
TR1 2DP

20 December 2012

Looe Community Academy Trust

Independent auditor's report on regularity to the governing body of Looe Community Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 October 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 during the period 1 February 2012 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 aspects, expenditure disbursed and income received during the period 1 February 2012 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 engagement in accordance with the Academies: Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Looe Community Academy Trust

Independent auditor's report on regularity to the governing body of Looe Community Academy Trust and the Education Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 February 2012 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.

Graham D Boulton FCA (Senior Statutory Auditor)

For and on behalf of Robinson Reed Layton

Chartered Accountants

Statutory Auditors

Peat House
Newham Road
TRURO
TR1 2DP

20 December 2012

Looe Community Academy Trust

Statement of Financial Activities (including income and expenditure account and statement of total recognised gains and losses)

For the period ended 31 August 2012

	Note	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income – transfer from Local Authority on conversion	24	424,416	-	7,143,295	7,567,711
Voluntary income	3	-	55,699	521,608	577,307
Activities for generating funds	4	105,725	-	-	105,725
Investment income	5	534	-	-	534
Incoming resources from charitable activities:					
Funding for the academy's educational operations	6	-	1,932,333	-	1,932,333
Total incoming resources		530,675	1,988,032	7,664,903	10,183,610
Resources expended					
Cost of generating funds	8	94,898	-	-	94,898
Charitable activities:					
Academy's educational operations	9	-	1,811,357	129,327	1,940,684
Governance costs	10	-	41,567	-	41,567
Other resources expended – transfer from Local Authority on conversion		-	259,000	-	259,000
Total resources expended	7	94,898	2,111,924	129,327	2,336,149
Net incoming resources before transfers		435,777	(123,892)	7,535,576	7,847,461
Gross transfers between funds	17	-	(39,928)	39,928	-
Net income/(expenditure) for the period		435,777	(163,820)	7,575,504	7,847,461
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	12,000	-	12,000
Net movement in funds		435,777	(151,820)	7,575,504	7,859,461
Reconciliation of funds					
Funds brought forward at 1 February 2012		-	-	-	-
Funds carried forward at 31 August 2012		435,777	(151,820)	7,575,504	7,859,461

All of the academy's activities derive from acquisitions in the current financial period. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Looe Community Academy Trust

Balance sheet

At 31 August 2012

	<i>Note</i>	£	2012 £
Fixed assets			
Tangible assets	<i>14</i>		7,438,295
Current assets			
Debtors	<i>15</i>	131,593	
Cash at bank and in hand		928,241	
		<hr/>	
		1,059,834	
Creditors: Amounts falling due within one year	<i>16</i>	(399,668)	
		<hr/>	
Net current assets			660,166
			<hr/>
Net assets excluding pension liability			8,098,461
Pension scheme liability	<i>22</i>		(239,000)
			<hr/>
Net assets including pension liability			7,859,461
			<hr/> <hr/>
Funds of the academy:			
Restricted income funds			
Fixed asset fund			7,575,504
General fund			87,180
Pension reserve			(239,000)
			<hr/>
Total restricted funds			7,423,684
			<hr/>
Unrestricted income funds			
General fund			435,777
			<hr/>
Total unrestricted funds			435,777
			<hr/>
Total funds	<i>17</i>		7,859,461
			<hr/> <hr/>

The financial statements were approved by the Governors, and authorised for issue on 10 December 2012 and are signed on their behalf by:

K Mordan
Vice chair

Company registration no. 07909371

Looe Community Academy Trust

Cash flow statement

For the period ended 31 August 2012

	<i>Note</i>	£	2012 £
Cash transferred on conversion to an academy			424,416
Net cash inflow from operating activities	<i>1</i>		406,010
Returns on investments and servicing of finance			
Interest received		534	
Net cash inflow from returns on investments and servicing of finance		<hr/>	534
Capital expenditure			
Payments to acquire fixed assets		(424,327)	
Capital grants from DfE/EFA		129,539	
Capital funding received from sponsors and others		392,069	
Net cash inflow from capital expenditure and financial investment		<hr/>	97,281
Increase in cash			928,241 <hr/> <hr/>

All of the cash flows are derived from acquisitions in the current period.

Looe Community Academy Trust

Notes to cash flow statement

1. Reconciliation of net income to net cash inflow from operating activities

	2012 £
Net income for the period	7,835,933
Investment income	(534)
Fixed assets transferred on conversion	(7,143,295)
Cash transferred on conversion	(424,416)
LGPS deficit transferred on conversion	259,000
Capital grants from DfE and other capital income	(521,608)
Depreciation	129,327
FRS17 pension costs less contributions paid	(12,000)
FRS17 pension finance cost	4,000
Increase in debtors	(120,065)
Increase in creditors	399,668
	<hr/>
Net cash inflow from operating activities	406,010
	<hr/> <hr/>

2. Analysis of changes in net funds

	As at 1 February 2012 £	Cash flow £	As at 31 August 2012 £
Cash at bank and in hand	-	928,241	928,241
	<hr/>	<hr/>	<hr/>

3. Reconciliation of net cash flow to movement in net funds

	2012 £
Increase in cash	928,241
Net funds at 1 February 2012	-
	<hr/>
Net funds at 31 August 2012	928,241
	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

1. **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 2011/12 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.

1.2 **Going concern**

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

1.3 **Incoming resources**

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

i. **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.

ii. **Sponsorship income**

Sponsorship income provided to the academy 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.

iii. **Donations**

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

iv. **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.

v. **Donated services and gifts in kind**

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.

Looe Community Academy Trust

Notes

(forming part of the financial statements)

1.4 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.

i. Costs of generating funds

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

ii. Charitable activities

These are costs incurred on the academy's education operations.

iii. Governance costs

These 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 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful lives, as follows:

Leasehold property	2% per annum on cost
Furniture and equipment	20% per annum on cost
ICT equipment	33% per annum on cost
Motor vehicles	25% per annum on net book value

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

1.6 Stock

Stock is valued at the lower of cost or net realisable value.

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 the 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.

Looe Community Academy Trust

Notes

(forming part of the financial statements)

1.8 Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, 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 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.

1.9 Fund accounting

Unrestricted income funds represent 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 the Education Funding Agency, Department for Education or other 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 Education Funding Agency and Department for Education.

1.10 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.11 Conversion to an academy

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Looe Community School to an academy have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Looe Community Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

Looe Community Academy Trust

Notes

(forming part of the financial statements)

2. General Annual Grant (GAG)

Results and carry forward for the year

	2012
	£
GAG brought forward	-
GAG allocation for the current period	1,805,904
	<hr/>
Total GAG available to spend	1,805,904
Recurrent expenditure from GAG	(1,678,796)
Fixed assets purchased from GAG	(39,928)
	<hr/>
GAG carried forward to next year	87,180
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(216,708)
	<hr/>
GAG to surrender to DfE	(129,528)
	<hr/> <hr/>
(12% rule breached if result is positive)	No breach

Looe Community Academy Trust

Notes

(forming part of the financial statements)

3. Voluntary income

	Unrestricted funds	Restricted general fund	Restricted fixed asset fund	Total 2012
	£	£	£	£
Capital grants	-	-	521,608	521,608
Donations and sponsorship	-	55,699	-	55,699
	<hr/>	<hr/>	<hr/>	<hr/>
	-	55,699	521,608	577,307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Activities for generating funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012
	£	£	£	£
Hire of facilities	14,076	-	-	14,076
Catering income	7,833	-	-	7,833
Educational visits	69,020	-	-	69,020
Other income	14,796	-	-	14,796
	<hr/>	<hr/>	<hr/>	<hr/>
	105,725	-	-	105,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Investment income

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012
	£	£	£	£
Short term deposits	534	-	-	534
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

6. Funding for the academy's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	1,805,904	-	1,805,904
Start up grants	-	25,000	-	25,000
Other DfE/EFA grants	-	25,813	-	25,813
	-	1,856,717	-	1,856,717
Other Government grants				
SEN statemented funding	-	62,588	-	62,588
Other	-	13,028	-	13,028
	-	75,616	-	75,616
	-	1,932,333	-	1,932,333

7. Resources expended

	Staff costs £	Non Pay Expenditure Premises £	Other costs £	Total 2012 £
Costs of generating funds	-	-	94,898	94,898
Academy's educational operations				
- Direct costs	1,220,919	-	154,015	1,374,934
- Allocated support costs	266,912	95,861	202,977	565,750
	1,487,831	95,861	356,992	1,940,684
Governance costs	-	-	41,567	41,567
Other resources expended – transfer from Local Authority on conversion	-	-	259,000	259,000
	1,487,831	95,861	752,457	2,336,149

Looe Community Academy Trust

Notes

(forming part of the financial statements)

7. Resources expended (continued)

Incoming/outgoing resources for the period include:

	2012
	£
Operating leases	2,785
Fees payable to auditor - audit	2,500
- other services	1,000
Depreciation	129,327
	129,327

8. Cost of generating funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012
	£	£	£	£
Educational visits	68,637	-	-	68,637
Other	26,261	-	-	26,261
	<hr/>	<hr/>	<hr/>	<hr/>
	94,898	-	-	94,898
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

9. Charitable activities – academy’s educational operations

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012
	£	£	£	£
Direct costs				
Teaching and educational support staff costs	-	1,220,919	-	1,220,919
Educational supplies	-	34,583	-	34,583
Examination fees	-	40,384	-	40,384
Staff development	-	4,701	-	4,701
Computer costs	-	34,923	-	34,923
Other direct costs	-	39,424	-	39,424
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,374,934	-	1,374,934
	<hr/>	<hr/>	<hr/>	<hr/>
Allocated support costs				
Support staff costs	-	266,912	-	266,912
Depreciation	-	-	129,327	129,327
Recruitment and support	-	5,729	-	5,729
Maintenance of premises and equipment	-	53,564	-	53,564
Cleaning	-	1,940	-	1,940
Rent and rates	-	40,357	-	40,357
Insurance	-	28,623	-	28,623
Security and transport	-	7,324	-	7,324
Computer costs	-	544	-	544
Stationery, postage and telephone	-	14,073	-	14,073
Bank interest and charges	-	812	-	812
Other support costs	-	16,545	-	16,545
	<hr/>	<hr/>	<hr/>	<hr/>
	-	436,423	129,327	565,750
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,811,357	129,327	1,940,684
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10. Governance costs

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012
	£	£	£	£
Legal and professional fees	-	37,476	-	37,476
Accountancy	-	1,000	-	1,000
Auditor’s remuneration				
- audit of financial statements	-	2,500	-	2,500
Governors’ training	-	591	-	591
	<hr/>	<hr/>	<hr/>	<hr/>
	-	41,567	-	41,567
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

11. Staff costs

	2012 £
Wages and salaries	1,194,208
Social security costs	86,516
Pension costs	168,203
	<hr/>
	1,448,927
Supply teacher costs	38,904
	<hr/>
	1,487,831
	<hr/> <hr/>

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

	2012 No.
<i>Charitable activities</i>	
Teachers	34
Administration and support	33
Management	4
	<hr/>
	71
	<hr/> <hr/>

No employees received emoluments of more than £60,000.

12. Governors' remuneration and expenses

The headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff and not in respect of their services as governors. Other governors did not receive payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows:

H Jenkins, headteacher and trustee	£50,000 - £55,000
JR Kevern, staff governor and trustee	£25,000 - £30,000
M Lewis, staff governor and trustee	£5,000 - £10,000

The above remuneration includes on costs and pension contributions.

During the period ended 31 August 2012, no travel and subsistence expenses were reimbursed to the governors.

Related party transactions involving the trustees are set out in note 23.

Looe Community Academy Trust

Notes

(forming part of the financial statements)

13. 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 £10,000,000 on any one claim and the cost for the period ended 31 August 2012 was £1,859.

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

14. Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost/valuation				
Transfer on conversion	6,734,072	407,723	1,500	7,143,295
Additions	384,399	39,928	-	424,327
	-----	-----	-----	-----
At 31 August 2012	7,118,471	447,651	1,500	7,567,622
	-----	-----	-----	-----
Depreciation				
At 1 February 2012	-	-	-	-
Charged in period	67,786	61,322	219	129,327
	-----	-----	-----	-----
At 31 August 2012	67,786	61,322	219	129,327
	-----	-----	-----	-----
Net book values				
At 31 August 2012	7,050,685	386,329	1,281	7,438,295
	=====	=====	=====	=====

The property was valued on 1 February 2012 on a depreciated replacement cost basis. Additions since that date are recorded at cost.

The Governors do not believe there has been a significant change in the value of the property at 31 August 2012.

15. Debtors

	2012
	£
Other debtors	94,520
Prepayments and accrued income	37,073

	131,593
	=====

Looe Community Academy Trust

Notes

(forming part of the financial statements)

16. Creditors: amounts falling due within one year

	2012 £
Trade creditors	125,054
Taxation and social security	46,129
Other creditors	41,425
Accruals and deferred income	187,060
	<hr/>
	399,668
	<hr/> <hr/>

17. Funds

	Balance at 1 February 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
Restricted general funds					
General Annual Grant (GAG)	-	1,805,904	(1,678,796)	(39,928)	87,180
Other DfE/EFA grants	-	25,813	(25,813)	-	-
Start up grant	-	25,000	(25,000)	-	-
SEN funding	-	62,588	(62,588)	-	-
Other government grants	-	13,028	(13,028)	-	-
Restricted donations	-	55,699	(55,699)	-	-
Pension reserve	-	-	(251,000)	12,000	(239,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,988,032	(2,111,924)	(27,928)	(151,820)
Restricted fixed asset funds					
Voluntary income – transfer from Local Authority on conversion	-	7,143,295	(120,027)	-	7,023,268
Capital grants	-	521,608	(9,300)	39,928	552,236
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	7,664,903	(129,327)	39,928	7,575,504
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	-	9,652,935	(2,241,251)	12,000	7,423,684
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds					
Unrestricted general funds	-	530,675	(94,898)	-	435,777
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	-	530,675	(94,898)	-	435,777
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	-	10,183,610	(2,336,149)	12,000	7,859,461
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

17. Funds (continued)

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

Restricted general funds

The restricted general fund includes grants receivable from the Education Funding Agency and the Department for Education towards the principal activity of the academy, being the provision of education.

Restricted fixed asset funds

The restricted fixed asset fund includes the leasehold property and furniture and equipment transferred to Looe Community Academy Trust on 1 February 2012 and Education Funding Agency grants which have been received. The fund is being reduced by the depreciation in the period.

18. Analysis of net assets between funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets	-	-	7,438,295	7,438,295
Current assets	435,777	486,848	137,209	1,059,834
Current liabilities	-	(399,668)	-	(339,668)
Pension scheme liability	-	(239,000)	-	(239,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	435,777	(151,820)	7,575,504	7,859,461
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19. Members' liability

Each member of the academy undertakes to contribute to the assets of the academy in the event of it being wound up while he/she is 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.

20. Capital commitments

	2012
	£
Contracted for but not provided in the financial statements	194,418
	<hr/> <hr/>

21. Financial commitments

As at 31 August 2012 the school had the following annual commitments under non-cancellable operating leases:

	2012
	£
<i>Other:</i>	
Expiring within two and five years inclusive	5,100
	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

22. Pension and similar obligations

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

As described in this note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £36,107 were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using nominal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service.

Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contributions rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

Looe Community Academy Trust

Notes

(forming part of the financial statements)

22. Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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 and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £77,341, of which employer's contributions totalled £63,499 and employees' contributions totalled £13,842. The agreed contribution rates for future years are 22.0% for employers and from 5.5% to 7.5% for employees based on their full time equivalent rate of pensionable pay.

Principal actuarial assumptions

	At 31 August 2012 %
Rate of increase in salaries	1.0
Rate of increase for pensions in payment/inflation	2.2
Discount rate for scheme liabilities	4.1

Looe Community Academy Trust

Notes

(forming part of the financial statements)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions (continued)

Commutation

An allowance is included for future retirements to elect to take 40% of the maximum additional tax free cash up to HM Revenue & Customs limits for pre April 2008 service and 70% of the maximum tax-free cash for post April 2008 service.

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

	At 31 August 2012
<i>Retiring today</i>	
Males	21.3
Females	23.4
<i>Retiring in 20 years</i>	
Males	23.2
Females	25.6

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000
Equities	5.5	473
Bonds	3.4	120
Property	3.7	50
Cash	2.8	64
Total market value of assets		707
Present value of scheme liabilities		
- Funded		(946)
Deficit in the scheme		(239)

Looe Community Academy Trust

Notes

(forming part of the financial statements)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Commutation (continued)

The actual return on scheme assets was £2,000.

Amounts recognised in the statement of financial activities	2012 £'000
Current service cost	51
Past service cost	-
	<hr/>
Total operating charge	51
	<hr/> <hr/>
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	19
Interest on pension liabilities	(23)
	<hr/>
Pension finance income/(costs)	(4)
	<hr/> <hr/>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £12,000 gain.

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

	2012 £'000
At 1 February 2012	866
Current service cost	51
Interest cost	23
Employee contributions	14
Actuarial (gains)/losses	(8)
Benefits paid	-
Past service cost	-
Curtailments and settlements	-
	<hr/>
At 31 August 2012	946
	<hr/> <hr/>

Looe Community Academy Trust

Notes

(forming part of the financial statements)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Commutation (continued)

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

	2012 £'000
At 1 February 2012	607
Expected return on assets	19
Actuarial gains/(losses)	4
Employer contributions	63
Employee contributions	14
Benefits paid	-
	<hr/>
At 31 August 2012	707
	<hr/> <hr/>

The estimated value of employer contributions for the period ended 31 August 2012 is £107,000.

	2012 £'000
Present value of defined benefit obligations	(946)
Fair value of share of scheme assets	707
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Deficit in the scheme	(239)
	<hr/> <hr/>
Experience adjustments on share of scheme assets:	
Amount £'000	4
Experience adjustments on scheme liabilities:	
Amount £'000	-

23. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have 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.

Kernow Arts Education Project – a charity in which H Jenkins, headteacher, is a trustee. Transactions totalling £95 relating to the cost of a conference attended took place in the year. There were no amounts outstanding.

Casting Wine Shippers – a partnership in which J Hearndon, a Governor, is a partner. Transactions totalling £178 relating to the purchase of wine for an event took place in the year. There were no amounts outstanding.

Sheila's School of Dancing – a business in which S Brock, a Governor, is the owner. Transactions totalling £493 relating to the rental of the main hall for rehearsals and a performance took place in the year. There were no amounts outstanding.

Looe Community Academy Trust

Notes

(forming part of the financial statements)

24. Conversion to an academy

On 1 February 2012 Looe Community School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Looe Community Academy Trust from Cornwall Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets				
Leasehold land and buildings	-	-	6,734,072	6,734,072
Other tangible fixed assets	-	-	409,223	409,223
Budget surplus on LA funds	417,520	-	-	417,520
Budget surplus on other school funds	6,896	-	-	6,896
LGPS pension deficit	-	(259,000)	-	(259,000)
Net assets	424,416	(259,000)	7,143,295	7,308,711

The above net assets include £424,416 that were transferred as cash.