

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Trustees' Report and Financial Statements

For the period ended 31 August 2013

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

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CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Reference and Administrative Details of the Academy, its Trustees and Advisers
For the period ended 31 August 2013

Trustees

Mr Mike Baker (appointed 1 November 2012)¹
Miss Vikki Bonner (appointed 1 November 2012)
Mrs Petra Breen (appointed 1 November 2012)
Mrs Beth Gask (appointed 1 November 2012)
Mrs Jacqui Green, Executive Principal (appointed 16 August 2012)¹
Mr Bruce Hanley (appointed 1 November 2012)
Mr Philip Heady (appointed 1 November 2012)
Mr Allan John (appointed 1 November 2012)
Mrs Pat Studd (appointed 1 November 2012)
Mrs G Haigh (appointed 12 August 2012, resigned 12 August 2013)
Mrs Layla Crowe (appointed 16 August 2012, resigned 3 October 2013)
Miss Jane Mower, Executive Vice Director (appointed 16 August 2012)
Mrs Simon Waltham (appointed 16 August 2012)
Mrs Alison Fiala¹
Mr Alan Roebuck, Executive Director
Mrs Jennifer Hardison Taylor
Mr Robin Whitworth
Mr Glen Follen

¹ Member

Company registered number

08182064

Principal and registered office

Blickling Road
Great Notley
Braintree
Essex
CM77 7ZJ

Company secretary

Mrs A Jones

Senior management team

Jacqui Green, Principal, Headteacher (Notley Green)
Simon Waltham, Headteacher (Cann Hall)
Stuart Wainwright, Deputy Headteacher (Notley Green)
Sarah Hubble, Deputy Headteacher (Cann Hall)

Independent auditors

Williams Giles Limited
Chartered Accountants
Registered Auditors
12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Reference and Administrative Details of the Academy, its Trustees and Advisers
For the period ended 31 August 2013

Advisers (continued)

Bankers

Lloyds Bank Plc
2/4 Bank Street
Braintree
Essex
CM7 1UN

Barclays Bank PLC
27 Station Road
Clacton on Sea
CO15 1TD

Solicitors

Birkett Long
42 Crouch Street
Colchester
Essex
CO3 3HH

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Trustees' Report
For the period ended 31 August 2013

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 November 2012 to 31 August 2013.

Structure, governance and management

a. 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 trustees of CHANGE Schools Partnership are also the directors of the charitable company for the purposes of company law. The charitable company is known as CHANGE Schools Partnership.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company 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.

c. Method of recruitment and appointment or election of Trustees

Members may agree unanimously in writing to appoint or remove such additional members as they see fit. Parent Directors are elected by parent members of the local Governing Bodies. An elected Parent Director must be a parent of a registered pupil at one of the schools at the time of his/ her election. Any election of Parent Directors which is contested should be held by secret ballot.

d. Policies and procedures adopted for the induction and training of Trustees

The Academy has an appointed Director with responsibility for overseeing training arrangements and ensuring that all Directors are aware of how training should be accessed. The Director will provide relevant reports at meetings regarding ongoing training opportunities.

e. Organisational structure

The Trust comprises of three members (one of whom is also the Principal), one Executive Director, one vice Executive Director and eleven Directors. The Principal is the Accounting Officer. Additionally, each school within the Trust has a Governing Body for dealing with the day-to-day running of the respective schools. Directors make decisions for the overall Academy, and contentious issues unable to be dealt with at this level would be escalated to Members for a final decision.

f. Connected organisations, including related party relationships

Owing to the nature of the Academy's operations and the method by which Trustees and Governors are drawn from public and private sector organisations, it is inevitable that on occasion, one of these individuals may have an interest in an Academy transaction. All parties sign a declaration of business interests in accordance with financial regulations and best practice recommendations.

CHANGE SCHOOLS PARTNERSHIP
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Trustees' Report (continued)
For the period ended 31 August 2013

g. Risk management

The Academy Trust has produced a risk register confirming that the major risks, to which the academy trust is exposed, as identified by the trustees, have been reviewed, and that systems or procedures have been established to manage those risks.

Trustees have reviewed the key risks to which the academy is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Trustees are 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 2013 and up to the date of approval of the annual report and financial statements. This process is kept under regular review. The Academy's object is to advance for the public benefit education in the United Kingdom and the provision of community facilities.

h. Trustees' indemnities

Academy insurers encompass all relevant insurance including Governor third party indemnity provision.

i. Principal activities

As set out in the Articles of Association, the Academy's object is to advance for the public benefit education in the United Kingdom and the provision of community facilities.

The school's core professional purpose is to develop student confidence, encourage independence and celebrate achievement, whilst ensuring all members of our school community embrace and demonstrate the Schools core values.

Objectives and Activities

a. Objects and aims

The School Improvement Plans sets out the Academy's overarching aims to;

- Provide effective staff development
- Develop outstanding teaching and learning
- Develop and innovate our curriculum
- Track student progress and develop intervention strategies to support progress
- Make effective use of our resources

The Directors confirm that they have referred to the guidance contained in the Charity Commission's guidance on public benefit.

b. Objectives, strategies and activities

See Principal Activities. Also objectives and activities.

c. Public benefit

The Academy's object is to advance for the public benefit education in the United Kingdom and the provision of community facilities.

Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

CHANGE SCHOOLS PARTNERSHIP
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Trustees' Report (continued)
For the period ended 31 August 2013

The Academy strives to ensure that pupils achieve their potential academically and via a range of extra-curricular activities. The Academy is committed to ensuring good staff professional development to help support pupil achievement as does a rich PPA curriculum and a considered use of Pupil Premium funding. NOR (Numbers on Roll) continue to steadily increase across the Academy.

The Trustees would like to extend grateful thanks to both school communities for the way that CHANGE School Partnership has been embraced and developed since our initial conversion in November 2012. The partnership between the schools, their families, and the Governing Bodies has been refined and continues to grow and develop, while ensuring that the unique qualities of both schools are maintained.

At Cann Hall the school we now see is vastly different from that first viewed two years ago, and credit must be paid to all of the staff, children and Governors involved, for their determination to bring about school improvement. Strong links, interactive work, and regular monitoring with Notley Green has ensured that the whole school community has maintained momentum to support teaching and learning throughout the entire school community. The challenges have been many and rigorous, but Cann Hall is now in a strong position to maintain school improvement for some time, with the school running at full capacity.

Notley Green continues to develop a strong and creative social enterprise based curriculum, which has seen many external links including for the first time this year the Royal Opera House. This curriculum, linked to strong moral purpose and good leadership has continued to attract parents from our own locality and beyond, and for the first time in its school history, is at full capacity. Standards of teaching are consistently high and staff from both schools have taken advantage of this to improve standards.

The Trustees look forward to continued development and innovation from both communities.

Achievements and performance

a. Going concern

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

b. Key financial performance indicators

The Academy's key financial performance indicators are

- Staff numbers: pupils ratio
- Comparing staff costs against national benchmarks
- Comparing budgets against actual figures

c. Review of activities

The Academy strives to ensure that pupils achieve their potential academically and via a range of extra-curricular activities. The Academy is committed to ensuring good staff professional development to help support pupil achievement as does a rich PPA curriculum and a considered use of Pupil Premium funding. NOR (Numbers on Roll) continue to steadily increase across the Academy.

Financial review

a. Financial and risk management objectives and policies

The system of internal control is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the academy trust policies, aims and objectives.

CHANGE SCHOOLS PARTNERSHIP
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Trustees' Report (continued)
For the period ended 31 August 2013

b. Principal risks and uncertainties

The Trustees assess the principal risks and uncertainties facing the Academy as follows; Staff recruitment and retention; possibly the biggest single risk to the Academy would lie in the failure to recruit and retain key staff. Trustees do not consider there to be any immediate threat of this, and consider that the recent conversion to Academy status and the consequent increased opportunities offered by a multi-academy trust will assist recruitment and retention.

Falling roll: This would seem unlikely given the steadily increasing roll during the last few years (Notley Green is almost at capacity for the first time in the school's history) and the forecast for the next six years.

Debtors: The school has no significant debtors.

c. Reserves policy

The Trustees have determined that the appropriate level of free cash reserves should be equivalent of one month's gross salary expenditure and an amount for emergency maintenance. The reason for this would be to provide sufficient working capital to cover delays between spending and receipt of grants.

The Academy is currently making payments of £19,547 per annum towards the pensions deficit and it is envisaged that should this amount be increased it will be met from budgeted annual income.

d. Principal funding

The principal source of funding for the Academy is the general Annual Grant (GAG) funding that it receives from the Education Funding Agency. The majority of this funding is spent on salaries and support costs to deliver the academy's primary objective of the provision of education. In the year 2012/13, the Academy received £2,584,637 GAG funding. (EFA final funding letter 7.12.12).

e. Material investments policy

Greater consideration is given to the security of Academy funds than to potential investment returns due to the risks involving the investment of public money. Regular reviews are undertaken regarding revision of accounts. For example, Notley Green Primary is currently examining the low-risk option of a sweep account to allow greater interest returns.

CHANGE SCHOOLS PARTNERSHIP
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Trustees' Report (continued)
For the period ended 31 August 2013

Plans for the future

a. Future developments

The Academy will continue striving to improve the levels of performance of pupils at all levels and will work to maintain current demand for places. The Trustees will work to enhance and expand facilities and provision to help to raise standards and improve the quality of provision and learning environs.

Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

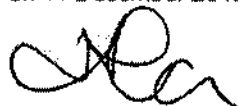
Auditors

The auditors, Williams Giles Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the board of trustees on 11 December 2013 and signed on its behalf by:



Miss Jane Mower
Chair of Trustees



Mrs Jacquil Green
Trustee

CHANGE SCHOOLS PARTNERSHIP
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Governance Statement

Scope of Responsibility

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

The board of trustees 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 Change Schools Partnership and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| Mr Mike Baker | 4 | 4 |
| Miss Vikki Bonner | 4 | 4 |
| Mrs Petra Breen | 4 | 4 |
| Mrs Beth Gask | 4 | 4 |
| Mrs Jacqui Green, Executive Principal | 4 | 4 |
| Mr Bruce Hanley | 3 | 4 |
| Mr Philip Heady | 4 | 4 |
| Mrs Pat Studd | 3 | 4 |
| Mrs G Haigh | 4 | 4 |
| Mrs Layla Crowe | 1 | 4 |
| Mrs Simon Waltham | 4 | 4 |
| Mrs Alison Fiala | 4 | 4 |
| Mr Alan Roebuck, Executive Director | 4 | 4 |
| Mrs Jennifer Hardison Taylor | 4 | 4 |
| Mr Robin Whitworth | 4 | 4 |
| Mr Glen Follen | 1 | 4 |
| Mr Allan John | 3 | 4 |
| Miss Jane Mower | 4 | 4 |

Mr Follen and Mrs Crowe resigned as Trustees in June 2013.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 CHANGE Schools Partnership for the period 1 November 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees 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 1 November 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

CHANGE SCHOOLS PARTNERSHIP
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Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed SBM Services Limited as Responsible Officer (RO) to perform additional checks.

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 board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

SBM Services Limited conducted a Responsible Officer audit during October 2013. Copies of the reports have been sent to the Chairs of Governors and Headteachers, and Williams Giles Accountants.

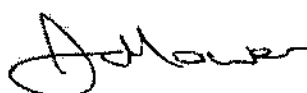
Review of Effectiveness

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

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

Approved by order of the members of the board of trustees on 11 December 2013 and signed on their behalf, by:



Miss Jane Mower
Chair of Trustees



Mrs Jacqui Green
Accounting Officer

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Change Schools Partnership I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook(2012).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook(2012).

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



Jacquil Green
Accounting Officer

Date: 11 December 2013

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Trustees' Responsibilities Statement
For the period ended 31 August 2013

The Auditing Practice Board requires a statement of Trustees' responsibilities to be made. It is good practice for it to be separate from the auditor's report. However if the statement is not presented separately then the auditor is required to include such a statement in their report.

The trustees (who act as governors of CHANGE Schools Partnership and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' 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 trustees to prepare financial statements for each financial year. Under company law the trustees 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 trustees are required to:

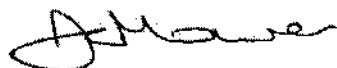
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

The trustees 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 trustees 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 trustees 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 board of trustees on 11 December 2013 and signed on its behalf by:



Miss Jane Mower
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP

(A company limited by guarantee)

Independent Auditors' Report to the Members of Change Schools Partnership

We have audited the financial statements of Change Schools Partnership for the period ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the 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 Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Independent Auditors' Report to the Members of Change Schools Partnership

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



Alastair Crawford FCA (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 20/12/13

CHANGE SCHOOLS PARTNERSHIP
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Independent Reporting Auditors' Assurance Report on Regularity to Change Schools Partnership and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Change Schools Partnership during the period 16 August 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Change Schools Partnership's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Change Schools Partnership's funding agreement with the Secretary of State for Education dated 2 February 2012, and the Academies Financial Handbook extant from 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 16 August 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

**Independent Reporting Auditors' Assurance Report on Regularity to Change Schools Partnership and
the Education Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 16 August 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 21/13

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Statement of Financial Activities
For the period ended 31 August 2013

| | Note | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| Transfer on conversion | 2 | 437,106 | - | 6,604,609 | 7,041,715 |
| Other voluntary income | 2 | 16,153 | 12,708 | - | 28,861 |
| Activities for generating funds | 3 | 37,958 | 83,527 | - | 121,485 |
| Investment income | 4 | 341 | - | - | 341 |
| Incoming resources from charitable activities | 5 | - | 2,979,221 | 8,702 | 2,987,923 |
| Other incoming resources | 6 | - | 17,103 | - | 17,103 |
| Total incoming resources | | 491,558 | 3,092,559 | 6,613,311 | 10,197,428 |
| Resources expended | | | | | |
| Costs of generating funds: | | | | | |
| Costs of generating voluntary income | 7 | 313 | 50,665 | - | 50,978 |
| Charitable activities | | - | 2,813,044 | 166,328 | 2,979,372 |
| Governance costs | 8 | - | 43,141 | - | 43,141 |
| Total resources expended | 11 | 313 | 2,906,850 | 166,328 | 3,073,491 |
| Net incoming resources before transfers | | 491,245 | 185,709 | 6,446,983 | 7,123,937 |
| Transfers between Funds | 21 | - | (88,647) | 88,647 | - |
| Net incoming resources before revaluations | | 491,245 | 97,062 | 6,535,630 | 7,123,937 |
| Defined benefit pension scheme transfer on conversion | | - | (858,000) | - | (858,000) |
| Actuarial gains and losses on defined benefit pension schemes | | - | (237,000) | - | (237,000) |
| Net movement in funds for the year | | 491,245 | (997,938) | 6,535,630 | 6,028,937 |
| Total funds at 16 August 2012 | | - | - | - | - |
| Total funds at 31 August 2013 | | 491,245 | (997,938) | 6,535,630 | 6,028,937 |

All of the academy's activities derive from acquisitions in the current financial period.


The notes on pages 19 to 39 form part of these financial statements.

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)
Registered number: 08182064

Balance Sheet
As at 31 August 2013

| | Note | £ | 2013 | £ |
|--|------|------------------|--------------------|-------------------------|
| Fixed assets | | | | |
| Tangible assets | 18 | | | 6,535,630 |
| Current assets | | | | |
| Debtors | 19 | 139,111 | | |
| Cash at bank and in hand | | 731,427 | | |
| | | | <u>870,538</u> | |
| Creditors: amounts falling due within one year | 20 | <u>(275,231)</u> | | |
| Net current assets | | | | <u>595,307</u> |
| Total assets less current liabilities | | | | <u>7,130,937</u> |
| Defined benefit pension scheme liability | 28 | | | <u>(1,102,000)</u> |
| Net assets including pension scheme liabilities | | | | <u><u>6,028,937</u></u> |
| Funds of the academy | | | | |
| Restricted funds: | | | | |
| Restricted funds | 21 | 104,062 | | |
| Restricted fixed asset funds | 21 | 6,535,630 | | |
| | | | <u>6,639,692</u> | |
| Restricted funds excluding pension liability | | | | |
| Pension reserve | | | <u>(1,102,000)</u> | |
| Total restricted funds | | | | <u>5,537,692</u> |
| Unrestricted funds | 21 | | | <u>491,245</u> |
| Total funds | | | | <u><u>6,028,937</u></u> |

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



Miss Jane Mower
Chair of Trustees



Mrs Jacqui Green
Trustee

The notes on pages 19 to 39 form part of these financial statements.

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Cash Flow Statement
For the period ended 31 August 2013

| | Note | 2013 £ |
|---|-------------|-------------------|
| Net cash flow from operating activities | 23 | 828,445 |
| Returns on investments and servicing of finance | 24 | 331 |
| Capital expenditure and financial investment | 24 | (97,349) |
| Increase in cash in the period | | 731,427 |

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

Reconciliation of Net Cash Flow to Movement in Net Funds
For the period ended 31 August 2013

| | 2013 £ |
|--|-------------------|
| Increase in cash in the period | 731,427 |
| Movement in net funds in the period | 731,427 |
| Net funds at 31 August 2013 | 731,427 |

The notes on pages 19 to 39 form part of these financial statements.

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Company status

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

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

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

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

1. Accounting Policies (continued)

1.4 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 and it is measurable.

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

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

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

1.5 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

1. Accounting Policies (continued)

1.6 Going concern

The Trustees 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 Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £10,000 are capitalised.

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

The valuation for leasehold property is taken from the Mouchel desktop valuation completed for the EFA. The basis of the value is Fair Value, as defined by the International Financial Reporting Standards (IFRS). No value for land had been included.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|-------------------|
| Long-term leasehold property | - | 2% Straight line |
| Fixtures and fittings | - | 10% Straight line |
| Computer equipment | - | 20% Straight line |

1.8 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Taxation

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

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

1. Accounting Policies (continued)

1.10 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes 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 28, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.11 Conversion to an academy trust

The conversion from a state maintained school to an academy trust 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 Notley Green Primary School and Cann Hall Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees 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 Change Schools Partnership. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.12 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.

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

2. Voluntary income

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|------------------------|--|--|---------------------------------------|
| Transfer on conversion | 437,106 | 6,604,609 | 7,041,715 |
| Donations | 16,153 | - | 16,153 |
| School Trip income | - | 12,708 | 12,708 |
| Subtotal | 16,153 | 12,708 | 28,861 |
| Voluntary income | 453,259 | 6,617,317 | 7,070,576 |

3. Activities for generating funds

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|---------------------------------|--|--|---------------------------------------|
| Letting income | 9,315 | - | 9,315 |
| Catering income | - | 63,491 | 63,491 |
| Consultancy and outreach income | - | 11,721 | 11,721 |
| Other income | 28,643 | 8,315 | 36,958 |
| | 37,958 | 83,527 | 121,485 |

4. Investment income

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|---------------|--|--|---------------------------------------|
| Bank interest | 341 | - | 341 |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

5. Funding for Academy's educational operations

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|
| DfE/EFA grants | | | |
| General Annual Grant (GAG) | - | 2,584,637 | 2,584,637 |
| Other DfE/EFA grants | - | 183,676 | 183,676 |
| School Standard Funds | - | 6,750 | 6,750 |
| Pupil premium | - | 109,314 | 109,314 |
| Mainstream grants | - | 10,954 | 10,954 |
| | - | 2,895,331 | 2,895,331 |
| Other government grants | | | |
| SEN funding | - | 79,614 | 79,614 |
| Other government grants | - | 4,276 | 4,276 |
| | - | 83,890 | 83,890 |
| Other funding | | | |
| Devolved formula capital | - | 8,702 | 8,702 |
| | - | 8,702 | 8,702 |
| | - | 2,987,923 | 2,987,923 |
| | - | 2,987,923 | 2,987,923 |

6. Other incoming resources

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|-----------------|------------------------------------|----------------------------------|-----------------------------|
| Insurance claim | - | 17,103 | 17,103 |
| | - | 17,103 | 17,103 |

7. Costs of generating voluntary income

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|--------------|------------------------------------|----------------------------------|-----------------------------|
| School trips | - | 50,665 | 50,665 |
| Other costs | 313 | - | 313 |
| | 313 | 50,665 | 50,978 |
| | 313 | 50,665 | 50,978 |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

8. Governance costs

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ |
|---------------------------|------------------------------------|----------------------------------|-----------------------------|
| Auditors remuneration | - | 14,750 | 14,750 |
| Legal & professional fees | - | 28,391 | 28,391 |
| | <u>-</u> | <u>43,141</u> | <u>43,141</u> |

9. Direct costs

| | Educational operations £ | Total 2013 £ |
|----------------------|--------------------------------|--------------------|
| Educational supplies | 45,932 | 45,932 |
| Staff development | 30,126 | 30,126 |
| Other direct costs | 30,854 | 30,854 |
| Agency supply costs | 100,252 | 100,252 |
| Wages and salaries | 1,364,543 | 1,364,543 |
| National insurance | 87,205 | 87,205 |
| Pension cost | 195,187 | 195,187 |
| Depreciation | 166,328 | 166,328 |
| | <u>2,020,427</u> | <u>2,020,427</u> |

10. Support costs

| | Educational operations £ | Total 2013 £ |
|---------------------------------------|--------------------------------|--------------------|
| LGPS costs | 33,000 | 33,000 |
| Educational supplies | 3,090 | 3,090 |
| Recruitment and support | 7,308 | 7,308 |
| Maintenance of premises and equipment | 148,157 | 148,157 |
| Cleaning | 17,323 | 17,323 |
| Rent & rates | 28,861 | 28,861 |
| Light & heat | 27,061 | 27,061 |
| Insurance | 41,735 | 41,735 |
| Security & transport | 10,540 | 10,540 |
| Catering | 46,145 | 46,145 |
| Bank charges | 109 | 109 |
| Computer costs | 23,742 | 23,742 |
| Printing, postage and stationery | 24,903 | 24,903 |
| Legal & professional | 10,475 | 10,475 |
| Other support costs | 69,294 | 69,294 |
| Wages and salaries | 396,322 | 396,322 |
| National insurance | 22,536 | 22,536 |
| Pension cost | 48,344 | 48,344 |
| | <u>958,945</u> | <u>958,945</u> |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

10. Support costs (continued)

11. Analysis of resources expended by expenditure type

| | Staff costs 2013 £ | Depreciation 2013 £ | Other costs 2013 £ | Total 2013 £ |
|--------------------------------------|--------------------------|---------------------------|--------------------------|--------------------|
| Costs of generating voluntary income | - | - | 50,978 | 50,978 |
| Costs of generating funds | - | - | 50,978 | 50,978 |
| Direct costs | 1,646,935 | 166,328 | 207,164 | 2,020,427 |
| Support costs | 467,202 | - | 491,743 | 958,945 |
| Charitable activities | 2,114,137 | 166,328 | 698,907 | 2,979,372 |
| Governance | - | - | 43,141 | 43,141 |
| | 2,114,137 | 166,328 | 793,026 | 3,073,491 |

12. Net incoming resources

This is stated after charging:

| | 2013 £ |
|--|----------------|
| Depreciation of tangible fixed assets: - owned by the charity | 166,328 |
| Auditor remuneration | 14,750 |
| | 181,078 |

13. Auditors' remuneration

| | 2013 £ |
|---|---------------|
| Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts | 8,250 |
| Fees payable to the academy's auditor and its associates in respect of: All other non-audit services not included above | 5,500 |
| | 13,750 |
| Fees payable to the academy's auditor and its associates in connection with the academy's pension scheme(s) in respect of: The auditing of accounts of the scheme(s) | 1,000 |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

14. Staff costs

Staff costs were as follows:

| | 2013 £ |
|-------------------------------|-----------|
| Wages and salaries | 1,760,865 |
| Social security costs | 109,741 |
| Other pension costs (Note 28) | 243,531 |
| | 2,114,137 |
| Supply teacher costs | 100,252 |
| | 2,214,389 |

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

| | 2013 No. |
|----------------|-------------|
| Teaching staff | 28 |
| Support staff | 53 |
| Management | 6 |
| | 87 |

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

| | 2013 No. |
|-------------------------------|-------------|
| In the band £60,001 - £70,000 | 1 |
| | 1 |

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contribution for this member of staff amounted to £9,429.

15. Trustees' remuneration and expenses

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration including employer pension contributions for the period fell within the following bands:

| | 2013 £ |
|-----------|---------------|
| J Green | 75,000-80,000 |
| P Breen | 15,000-20,000 |
| S Waltham | 50,000-55,000 |

During the period, no Trustees received any reimbursement of expenses.

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

16. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was £711.

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

17. Other finance income

| | 2013 £ |
|--|-----------|
| Expected return on pension scheme assets | 4,000 |
| Interest on pension scheme liabilities | (37,000) |
| | (33,000) |
| | (33,000) |

18. Tangible fixed assets

| | Long-term leasehold property £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|------------------------|---|-------------------------------|----------------------------|------------|
| Cost | | | | |
| Transfer on conversion | 6,379,000 | 154,224 | 71,385 | 6,604,609 |
| Additions | - | 20,320 | 77,029 | 97,349 |
| At 31 August 2013 | 6,379,000 | 174,544 | 148,414 | 6,701,958 |
| Depreciation | | | | |
| Charge for the period | 106,317 | 29,091 | 30,920 | 166,328 |
| At 31 August 2013 | 106,317 | 29,091 | 30,920 | 166,328 |
| Net book value | | | | |
| At 31 August 2013 | 6,272,683 | 145,453 | 117,494 | 6,535,630 |

19. Debtors

| | 2013 £ |
|--------------------------------|-----------|
| Trade debtors | 185 |
| VAT | 13,921 |
| Other debtors | 31,709 |
| Prepayments and accrued income | 93,296 |
| | 139,111 |
| | 139,111 |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

20. Creditors:
Amounts falling due within one year

| | 2013 £ |
|------------------------------------|----------------|
| Trade creditors | 110,707 |
| Other taxation and social security | 40,612 |
| Other creditors | 31,535 |
| Accruals and deferred income | 92,377 |
| | 275,231 |
| | 275,231 |
| | £ |
| Deferred income | |
| Resources deferred during the year | 31,691 |
| | 31,691 |
| | 31,691 |

21. Statement of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|----------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | - | 491,558 | (313) | - | - | 491,245 |
| | - | 491,558 | (313) | - | - | 491,245 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 2,584,637 | (2,391,928) | (88,647) | - | 104,062 |
| Pupil premium | - | 109,314 | (109,314) | - | - | - |
| Mainstream grants | - | 10,954 | (10,954) | - | - | - |
| School standards funding | - | 6,750 | (6,750) | - | - | - |
| SEN funding | - | 79,614 | (79,614) | - | - | - |
| Other government grants | - | 4,276 | (4,276) | - | - | - |
| Other DfE/EFA grant | - | 284,306 | (284,306) | - | - | - |
| Other generated funds | - | 12,708 | (12,708) | - | - | - |
| Pension reserve | - | - | (7,000) | - | (1,095,000) | (1,102,000) |
| | - | 3,092,559 | (2,906,850) | (88,647) | (1,095,000) | (997,938) |
| | - | 3,092,559 | (2,906,850) | (88,647) | (1,095,000) | (997,938) |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

21. Statement of funds (continued)

Restricted fixed asset funds

| | | | | | | |
|------------------------------|---|--------------------------|---------------------------|---------------|---------------------------|-------------------------|
| Assets held for depreciation | - | 6,604,609 | (166,328) | 97,349 | - | 6,535,630 |
| Devolved formula capital | - | 8,702 | - | (8,702) | - | - |
| | - | <u>6,613,311</u> | <u>(166,328)</u> | <u>88,647</u> | - | <u>6,535,630</u> |
| Total restricted funds | - | <u>9,705,870</u> | <u>(3,073,178)</u> | - | <u>(1,095,000)</u> | <u>5,537,692</u> |
| Total of funds | - | <u><u>10,197,428</u></u> | <u><u>(3,073,491)</u></u> | - | <u><u>(1,095,000)</u></u> | <u><u>6,028,937</u></u> |

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows:

| | |
|---|-------------------------|
| Cann Hall Primary School | 347,695 |
| Notley Green Primary School | 247,612 |
| Total before fixed asset fund and pension reserve | <u>595,307</u> |
| Restricted fixed asset fund | 6,535,630 |
| Pension reserve | (1,102,000) |
| Total | <u><u>6,028,937</u></u> |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

21. Statement of funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total £ |
|-----------------------------|---|--------------------------------------|------------------------------|---|------------------|
| Cann Hall Primary School | 946,985 | 191,405 | - | 385,017 | 1,523,407 |
| Notley Green Primary School | 880,518 | 223,563 | 10,475 | 304,057 | 1,418,613 |
| | <u>1,827,503</u> | <u>414,968</u> | <u>10,475</u> | <u>689,074</u> | <u>2,942,020</u> |

Summary of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Unrestricted funds | - | 491,558 | (313) | - | - | 491,245 |
| Restricted funds | - | 3,092,559 | (2,906,850) | (88,647) | (1,095,000) | (997,938) |
| Restricted fixed asset funds | - | 6,613,311 | (166,328) | 88,647 | - | 6,535,630 |
| | <u>-</u> | <u>10,197,428</u> | <u>(3,073,491)</u> | <u>-</u> | <u>(1,095,000)</u> | <u>6,028,937</u> |

22. Analysis of net assets between funds

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 6,535,630 | 6,535,630 |
| Current assets | 491,245 | 379,293 | - | 870,538 |
| Creditors due within one year | - | (275,231) | - | (275,231) |
| Provisions for liabilities and charges | - | (1,102,000) | - | (1,102,000) |
| | <u>491,245</u> | <u>(997,938)</u> | <u>6,535,630</u> | <u>6,028,937</u> |

CHANGE SCHOOLS PARTNERSHIP
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2013

23. Net cash flow from operations

| | 2013 £ |
|---|----------------|
| Net incoming resources before revaluations | 7,123,937 |
| Returns on investments and servicing of finance | (331) |
| Assets received on conversion | (6,604,609) |
| Depreciation of tangible fixed assets | 166,328 |
| Increase in debtors | (139,111) |
| Increase in creditors | 275,231 |
| FRS 17 adjustments | 7,000 |
| Net cash inflow from operations | 828,445 |

24. Analysis of cash flows for headings netted in cash flow statement

| | 2013 £ |
|--|-----------------|
| Returns on investments and servicing of finance | |
| Interest received | 331 |
| | 331 |
| | |
| Capital expenditure and financial investment | |
| Purchase of tangible fixed assets | (97,349) |
| | (97,349) |

25. Analysis of changes in net funds

| | 16 August 2012 £ | Cash flow £ | 31 August 2013 £ |
|---------------------------|------------------------|----------------|------------------------|
| Cash at bank and in hand: | - | 731,427 | 731,427 |
| Net funds | - | 731,427 | 731,427 |

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26. Conversion to an academy trust

On 01/11/2012 Notley Green Primary School and Cann Hall Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Change Schools Partnership from Essex County 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 in 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 Statement of financial activities.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| - Freehold/leasehold land and buildings | - | - | 6,379,000 | 6,379,000 |
| - Other tangible fixed assets | - | - | 225,609 | 225,609 |
| Budget surplus/(deficit) on LA funds | 434,403 | - | - | 434,403 |
| Budget surplus/(deficit) on other school funds | 2,703 | - | - | 2,703 |
| LGPS pension surplus/(deficit) | - | (858,000) | - | (858,000) |
| Net assets/(liabilities) | <u>437,106</u> | <u>(858,000)</u> | <u>6,604,609</u> | <u>6,183,715</u> |

The above net assets/liabilities include £437,106 that were transferred as cash.

27. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the EFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the EFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the EFA.

28. Pension commitments

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

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

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

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28. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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28. Pension commitments (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £114,000, of which employer's contributions totalled £88,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are a variable percentage for employees depending on their salary level.

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

As described in note 26 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.

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Notes to the Financial Statements
For the period ended 31 August 2013

28. Pension commitments (continued)

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

| | Expected return at 31 August 2013 % | Fair value at 31 August 2013 £ |
|--|--|---|
| Equities | 6.60 | 111,000 |
| Bonds | 4.40 | 15,000 |
| Property | 5.60 | 19,000 |
| Gilts | 3.50 | 14,000 |
| Cash | 0.50 | 5,000 |
| Alternative assets | 4.00 | 6,000 |
| Total market value of assets | | 170,000 |
| Present value of scheme liabilities | | (1,272,000) |
| (Deficit)/surplus in the scheme | | (1,102,000) |

The amounts recognised in the Balance sheet are as follows:

| | 2013 £ |
|-------------------------------------|--------------------|
| Present value of funded obligations | (1,272,000) |
| Fair value of scheme assets | 170,000 |
| Net liability | (1,102,000) |

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

| | 2013 £ |
|---------------------------------------|-------------------|
| Current service cost | (62,000) |
| Interest on obligation | (37,000) |
| Expected return on scheme assets | 4,000 |
| Total | (95,000) |
| Actual return on scheme assets | 12,000 |

CHANGE SCHOOLS PARTNERSHIP
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Notes to the Financial Statements
For the period ended 31 August 2013

28. Pension commitments (continued)

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

| | 2013 £ |
|--|-----------|
| Current service cost | 62,000 |
| Interest cost | 37,000 |
| Contributions by scheme participants | 26,000 |
| Actuarial Losses | 244,000 |
| Defined benefit obligation on conversion | 903,000 |
| | 1,272,000 |
| Closing defined benefit obligation | 1,272,000 |

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

| | 2013 £ |
|---|-----------|
| Expected return on assets | 4,000 |
| Actuarial gains and (losses) | 7,000 |
| Contributions by employer | 88,000 |
| Contributions by employees | 26,000 |
| Fair value of scheme assets on conversion | 45,000 |
| | 170,000 |
| | 170,000 |

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

| | 2013 |
|--------------------|---------|
| Equities | 65.00 % |
| Gilts | 8.00 % |
| Other Bonds | 9.00 % |
| Property | 11.00 % |
| Cash | 3.00 % |
| Alternative Assets | 4.00 % |

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

| | 2013 |
|--|--------|
| Discount rate for scheme liabilities | 4.70 % |
| Rate of increase in salaries | 4.70 % |
| Rate of increase for pensions in payment / inflation | 2.90 % |
| Inflation assumption (CPI) | 2.90 % |
| RPI Increases | 3.70 % |

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Notes to the Financial Statements
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28. Pension commitments (continued)

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

| | 2013 |
|----------------------|-------------|
| Retiring today | |
| Males | 22.7 |
| Females | 25.3 |
| Retiring in 20 years | |
| Males | 24.2 |
| Females | 26.9 |

Amounts for the current period are as follows:

Defined benefit pension schemes

| | 2013 £ |
|--|------------------|
| Defined benefit obligation | (1,272,000) |
| Scheme assets | 170,000 |
| | (1,102,000) |
| Deficit | (1,102,000) |
| Experience adjustments on scheme liabilities | (244,000) |
| Experience adjustments on scheme assets | 7,000 |
| | (1,339,000) |

29. Operating lease commitments

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

| | 2013 £ |
|-----------------------|------------------|
| Expiry date: | |
| Within 1 year | 831 |
| Between 2 and 5 years | 5,778 |
| | 6,609 |

CHANGE SCHOOLS PARTNERSHIP
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30. Related party transactions

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

During the period the academy had the following related party transactions:

- £16,161 with Stagekey, a company in which Mrs A Jones is an owner, for drama based services. Mrs A Jones is the Academy Business Manager.

These transactions were conducted on normal commercial terms without the exercise of any influence by the related party involved. It should be noted that the Academy Business Manager and Notley Green Finance Manager, Mr A Jones and Mrs A Jones are husband and wife. There are appropriate controls and procedures in place.