

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

Members

M Wheatley
W West
S Cotton

Trustees

S Boulton
J Mount
A White (resigned 18 May 2014)¹
G Hussey, Chair of Trustees (Appointed 9 December 2014)
P Kent
S Cotton, Headteacher¹
P Price¹
M Wheatley, Chair of Trustees (resigned 10 November 2014)¹
W West¹
K Colville
D Bartram
K Leah
E Shabtay-White¹
A Kirk, Staff Trustee (appointed 18 October 2013)
A Johnson, Staff Trustee
K Skinner
X Kent, Staff Trustee (resigned 3 October 2013)

¹ Finance and Audit Committee

Company registration number

08204075

Principal and registered office

School Lane
Barkby
Leicester
LE7 3QL

Senior management team

S Cotton, Headteacher
D Woolerton, School Business Manager
M Wheatley, Chair of Governors
G Hussey, Vice Chair of Governors

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
11 Merus Court
Leicester
LE19 1RJ

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

Administrative details (continued)

Bankers

National Westminster Bank Plc
Loughborough Business Centre
Market Place
Loughborough
Leicestershire
LE11 3EA

Solicitors

Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
B2 4BU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Pochin School (the Academy) for the year to 31 August 2014. The Trustees confirm that the Annual Report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Barkby, Barkby Thorpe and Beeby, Leicestershire. It has a pupil capacity of 140 and had a roll of 137 in the school census on 2 October 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of The Pochin School are also the directors and Governors of the charitable company for the purposes of company law. The Charitable Company is known as The Pochin School.

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

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £1,452.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

Recruitment of Governors as outlined in the Articles of Association states there is no limit to the number of Members that may be appointed, but it shall not be fewer than five. The appointment of staff Governors is via a process of a staff ballot. Appointment of Parent Governors is made via parent ballot. Co-opted governors are appointed by agreement of the governing body.

The subscribers to the Company's memorandum and such other persons as are admitted to membership in accordance with the Articles of Association shall be Members of the Company. No person shall be admitted as a Member of the Company unless he is approved by the Board. The Members may agree unanimously in writing to appoint such additional Members as they think fit.

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

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The Governors' Induction Handbook has been adopted by the Governing Body and is issued to all newly appointed Governors. The academy has a contract for training with the Local Authority Governor Development Service. All newly appointed Governors receive training as soon as possible after appointment. This is arranged by the Governor responsible for Training and Development.

ORGANISATIONAL STRUCTURE

The structure of the Academy consists of a Board of Governors, currently made up of 13 Governors. The Governors are responsible for setting general policies, approving the annual school development and improvement plan, annual budget plans, regularly monitoring the Academy's use of budgets and making major decisions about the direction of the Academy, its capital expenditure and senior staff appointments. The day-to-day running of the staff and school is delegated to the Headteacher, supported by the senior leadership team. The Headteacher, Stephen Cotton, is the Accounting Officer for the Academy. The Accounting Officer is supported by the School Business Manager and the Governing Body.

There are nine staff who provide classroom support and there are nine teachers at The Pochin School, each responsible for different areas of the curriculum:

- Jill Marvell – Music, Science
- Andrew Johnson – Literacy, French, and the school garden
- Zoe Macefield – PSHCE and Numeracy
- Ann Cook – SEND and Assessment
- Julia Dodge – Design & Technology, PE, Art, Higher Attaining Pupils
- Louisa Cohen –EYFS
- Louise Cooledge – Geography, History
- Stephen Cotton – Computing
- Pete Randall – Religious Education

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Academy is part of the Syston and Thurmaston Education Partnership. The partnership has formed a teaching schools alliance, which can only serve to benefit Academies within the group. A capital grant for the partnership has been received which will see purpose built accommodation for the alliance. This has no impact on the day-to-day running of the Academy.

The Academy has no other relationships with related parties or any other charities/organisations with which it cooperates in the pursuit of its charitable activities.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

We are a small school that values high expectations. Our aim is to continue to improve the education of our pupils by nurture through:

- quality teaching and learning;
- opportunity for children to achieve their full potential;
- a caring, happy, secure learning environment in a rural setting;
- high expectations of behaviour and discipline;
- strong leadership and teamwork with all staff;

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

- valuing partnership with the wider community, especially parents; and
- providing equal opportunity for all.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Our objectives for the future are to continue with the excellent educational opportunities for our pupils through the continual improvement of teaching and learning in the school. One aim is for the school to be completely refurbished by the end of the next financial year, providing even better surroundings for the pupils and staff to learn and work in.

We aim to achieve excellent SATs results again next year, and ensure that value added continues to improve throughout the school. We have made significant improvement in engaging parents in their children's education. We will ensure this continues to improve over the year with additional opportunities for parents to interact with classroom activities. A number of successful strategies are in place, including inviting parents and carers in to classes to assist with a number of activities.

PUBLIC BENEFIT

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

The activities undertaken to further the Academy Trust's purpose for the Public Benefit for the advancement of education includes the formation of a Teaching Schools Alliance in conjunction with the Syston and Thurmaston Education Partnership (STEP). This has tremendous future benefit for our school, as well as the other schools within the Alliance and will raise academic standards.

The Alliance will assist with the training and support of both existing and student teachers. Outstanding teachers within the Alliance will mentor those in other schools requiring improvement. The Alliance will offer Continuing Professional Development (CPD) for teachers employed within the group.

Prior to forming the Alliance, the school took part in the University of Leicester training programme for a number of years, which was beneficial to both the school and student teachers. This is now known as the Leicester and Leicestershire SCITT.

The school has always achieved excellent SATs results. This year's Ofsted visit reported The Pochin School as being Outstanding in all areas; further evidence of the excellent teaching and management of the school. Approximately 40% of teaching in the Academy is consistently 'outstanding', 20-30% is 'good to outstanding' and 30-40% is 'good'.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Governing Body intends to continue its current strategies of maintaining the School's position by investing to provide high quality education for our pupils. Continually achieving a high standard of academic results is a constant aim whilst maintaining the breadth and depth of the education provided. Our continued academic achievement is supported by the Outstanding Ofsted report received earlier this year.

The Headteacher and staff continue to review the curriculum to ensure that the education remains appropriate for all our pupils' development. Pupils' achievements are measured through the Raise On Line data, in addition to internal testing and assessment throughout the year.

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

KEY FINANCIAL PERFORMANCE INDICATORS

In line with the aspirations of the school, a range of Key Performance Indicators are used to regularly monitor the progress and success of the school:

- The school to continue to receive Outstanding reports in Ofsted inspections
- 100% of our teaching is good or outstanding
- 60% good or better teaching
- 40% outstanding teaching
- No student exclusions
- Student attendance at 96% plus
- 80% of children achieve level 4 in English and Maths
- No child at 11 to have a reading age more than 3 years behind chronological age
- All children have experienced a foreign language by the end of Key Stage 2
- Staff are encouraged to take vocational training where appropriate

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.

RESERVES POLICY

Reserves are held in the school budget to provide funding for unexpected expenditure, i.e. capital, staffing or curriculum requirements. The reserves are evaluated each term and adjusted as necessary by the Finance and Audit Committee.

At 31 August 2014 the total funds comprised:

| | £'000's |
|-------------------------------|--------------|
| Unrestricted | 64 |
| Restricted: Fixed asset funds | 1,199 |
| GAG | 35 |
| Pension reserve | (291) |
| Other | <u>67</u> |
| Total | <u>1,074</u> |

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 22. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors, and represent 1 month's worth of Academy expenditure. The aim of the Governors is to increase this reserve to meet future working capital requirements.

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

INVESTMENTS POLICY

The Academy does not have any funds available for investment and the Governing Body agreed to review the writing of an investment policy until the next financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Academy are:

- Reputational risk – mitigated by good management of the Academy.
- Performance risk – mitigated by excellent teaching and support
- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by insurance to cover staff absence and buildings cover. Reserves are also held in the school budget to cover unexpected expenditure.
- Risks associated with personnel – mitigated by good financial controls and robust financial policies.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

PLANS FOR THE FUTURE

Key aims for the future are to continue with the excellent teaching and learning already established at the school. This will be through continued mentoring by outstanding teachers and external support where necessary.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

No funds are held as custodian Trustee on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor are aware of that information.

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

AUDITOR

The auditor, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report, incorporating the Strategic Report, was approved by order of the Governing Body, as the company directors, on 9 December 2014 and signed on the board's behalf by:

.....
G Hussey
Chair of Trustees

.....
S Cotton
Accounting Officer

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the 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 The Pochin School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| P Kent | 5 | 6 |
| S Boulton | 4 | 6 |
| A White | 4 | 5 |
| D Bartram | 3 | 6 |
| K Leah | 5 | 6 |
| A Johnson, Staff Trustee | 5 | 6 |
| A Kirk, Staff Trustee | 4 | 4 |
| J Mount | 6 | 6 |
| G Hussey, Chair of Trustees (Appointed 9 December 2014) | 6 | 6 |
| S Cotton, Headteacher | 6 | 6 |
| P Price | 3 | 6 |
| M Wheatley, Chair of Trustees (Resigned 10 November 2014) | 6 | 6 |
| W West | 4 | 6 |
| K Colville | 5 | 6 |
| E Shabtay-White | 6 | 6 |
| K Skinner | 5 | 6 |
| X Kent, Staff Trustee | 2 | 2 |

Finance & Audit Committee

The Finance & Audit Committee is a sub-committee of the main Governing Body and its purpose is to approve and evaluate the budget against whole school priorities, monitor expenditure and monitor and evaluate finance policies. The agreed terms of reference are below:

Title: The Finance and Audit Committee

Membership: The committee shall consist of at least four governors.

Quorum: Three governors.

Meetings: The committee shall meet at least once a term and otherwise as necessary.

Chair: There will be a chair for these meetings agreed by the membership.

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GOVERNANCE STATEMENT (continued)

Minutes: Minutes will be taken by someone nominated for the purpose from the committee at each meeting.

Terms of reference:

The Finance and Audit Committee will:

- Guide and assist the Headteacher and the Governing Body in all matters relating to budgeting, finance and audit;
- Review financial policy statements, including consideration of long term planning, resourcing and the audit programme;
- Consider each year's annual School Development Plan, identify priorities and present an annual budget by the end of September to the Governing Body for approval;
- Monitor the whole school pay policy;
- Consider Local Authority Internal Audit reports along with the external audit reports;
- Confirm adherence to the statement of internal control;
- Review the risks to internal financial control at the Academy Trust and agree a programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors;
- Manage the programme of risk review through the work of an internal audit service (bought-in from the Local Authority) and the work of the responsible officer who will be a member of the Local Authority internal audit team;
- Consider internal audit reports, including value for money reports and the arrangements for their implementation; and
- Consider any other matters where requested to do so by the Governing Body and report at least annually to the Governing Body on the discharge of the above duties.

The Finance & Audit Committee met formally 5 times in the review period.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------|-------------------|-------------------|
| S Cotton, Headteacher | 5 | 5 |
| M Wheatley, Chair of Trustees | 2 | 5 |
| W West | 4 | 5 |
| P Price | 3 | 5 |
| A White | 3 | 4 |
| E Shabtay-White | 1 | 5 |

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify

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GOVERNANCE STATEMENT (continued)

and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Pochin School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The 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 year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the internal auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The internal audit report in June 2014 could recommend no improvements in the financial regulations in place at The Pochin School. The auditors only recommendation was for the Governing Body to review implementing an investment policy. Due to the minimal reserves available within the budget, the Governing Body decided against implementing a reserves policy at this point in time. This decision will be reviewed in the future.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Governing Body on 9 December 2014 and signed on its behalf, by:

.....
G Hussey
Chair of Trustees

.....
S Cotton
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Pochin School 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. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA.

.....
S Cotton
Accounting Officer

Date: 9 December 2014

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who act as governors of The Pochin School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction published 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 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 Governing Body on 9 December 2014 and signed on its behalf by:

.....
G Hussey
Chair of Trustees

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THE POCHIN SCHOOL

We have audited the financial statements of The Pochin School for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the Academy's Trustees, 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 Trustees 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 Trustees, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THE POCHIN SCHOOL

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.

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditor

11 Merus Court
Leicester
LE19 1RJ
18 December 2014

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE POCHIN SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 24 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Pochin School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE POCHIN SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Pochin School's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- reviewing the information in the Financial Management and Governance Self-assessment (FMGS) return and making appropriate enquiries of the Head Teacher Accounting Officer;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE POCHIN SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Leicester
LE19 1RJ

18 December 2014

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Restricted fixed asset funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|---|
| Note | | | | | |
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds: | | | | | |
| Assets transferred on conversion | 2 | - | - | - | 865 |
| Voluntary income | 2 | - | - | - | 35 |
| Activities for generating funds | 3 | 46 | 1 | 47 | 26 |
| Funding for the Academy Trust's educational operations | 4 | - | 669 | 122 | 791 |
| | | 46 | 670 | 122 | 838 |
| TOTAL INCOMING RESOURCES | | | | | |
| | | 46 | 670 | 122 | 1,582 |
| RESOURCES EXPENDED | | | | | |
| Costs of activities for generating funds | 5 | 33 | - | - | 33 |
| Charitable activities | 6 | - | 589 | 21 | 610 |
| Governance costs | 7 | - | 7 | - | 7 |
| | | 33 | 596 | 21 | 650 |
| TOTAL RESOURCES EXPENDED | | | | | |
| | 8 | 33 | 596 | 21 | 650 |
| NET INCOMING/(OUTGOING) RESOURCES BEFORE REVALUATIONS, CARRIED FORWARD | | | | | |
| | | 13 | 74 | 101 | 188 |

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Restricted fixed asset funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|---|
| Note | | | | | |
| NET INCOME/(EXPENDITURE) FOR THE YEAR, BROUGHT FORWARD | 13 | 74 | 101 | 188 | 1,003 |
| Actuarial losses on defined benefit pension schemes | - | (87) | - | (87) | (30) |
| NET MOVEMENT IN FUNDS FOR THE YEAR | 13 | (13) | 101 | 101 | 973 |
| Total funds at 1 September 2013 | 51 | (176) | 1,098 | 973 | - |
| TOTAL FUNDS AT 31 AUGUST 2014 | 64 | (189) | 1,199 | 1,074 | 973 |

All activities relate to continuing operations.

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

The notes on pages 23 to 42 form part of these financial statements.

THE POCHIN SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08204075

BALANCE SHEET
AS AT 31 AUGUST 2014

| | Note | £000 | 2014 £000 | 11 months ended 31 August 2013 £000 |
|---|------|--------------|--------------|---|
| FIXED ASSETS | | | | |
| Tangible assets | 14 | | 1,199 | 1,098 |
| CURRENT ASSETS | | | | |
| Debtors | 15 | 23 | | 25 |
| Cash at bank | | 184 | | 125 |
| | | <u>207</u> | | <u>150</u> |
| CREDITORS: amounts falling due within one year | 16 | (41) | | (84) |
| NET CURRENT ASSETS | | | 166 | 66 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | |
| Defined benefit pension scheme liability | 22 | | (291) | (191) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITY | | | 1,074 | 973 |
| FUNDS OF THE ACADEMY | | | | |
| Restricted funds: | | | | |
| Restricted funds | 17 | 102 | | 15 |
| Restricted fixed asset funds | 17 | 1,199 | | 1,098 |
| | | <u>1,301</u> | | <u>1,113</u> |
| Restricted funds excluding pension liability | | | | 1,113 |
| Pension reserve | | (291) | | (191) |
| | | <u>1,010</u> | | <u>922</u> |
| Total restricted funds | | | 1,010 | 922 |
| Unrestricted funds | 17 | | 64 | 51 |
| TOTAL FUNDS | | | 1,074 | 973 |

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2014 and are signed on their behalf, by:

.....
G Hussey
Chair of Trustees

.....
S Cotton
Accounting Officer

The notes on pages 23 to 42 form part of these financial statements.

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

| | Note | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--|-------------|---|---|
| Net cash flow from operating activities | 19 | 59 | 90 |
| Capital expenditure and financial investment | 20 | - | (10) |
| Cash transferred on conversion to an Academy Trust | | - | 45 |
| INCREASE IN CASH IN THE YEAR | | 59 | 125 |

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--|---|---|
| Increase in cash in the year | 59 | 125 |
| MOVEMENT IN NET FUNDS IN THE YEAR | 59 | 125 |
| Net funds at 1 September 2013 | 125 | - |
| NET FUNDS AT 31 AUGUST 2014 | 184 | 125 |

The notes on pages 23 to 42 form part of these financial statements.

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006. A summary of the Principal accounting policies, which have been applied consistently except where noted, is set out below.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and the Education Funding Agency.

1.3 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted funds.

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

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.

1.5 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Assets transferred at conversion have been included at the estimated depreciated replacement cost.

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 and fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on leasehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|----------------------------------|---|----------------------|
| Long leasehold property | - | 2% Straight line |
| Leasehold property improvements- | - | 2% Straight line |
| Fixtures and fittings | - | 15% Reducing balance |
| Computer equipment | - | 25% Reducing balance |

The land included in long leasehold property is not being depreciated.

1.7 Operating leases

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

1.8 Taxation

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

1.9 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 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 POCHIN SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|----------------------------------|---|---|--|---|
| Assets transferred on conversion | - | - | - | 865 |
| Donations | - | - | - | 35 |
| Voluntary income | - | - | - | 900 |

3. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|-----------------|---|---|--|---|
| Catering income | 46 | - | 46 | 25 |
| Other income | - | 1 | 1 | 1 |
| | 46 | 1 | 47 | 26 |

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|---|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 551 | 551 | 507 |
| Pupil Premium | - | 6 | 6 | 3 |
| Capital grants | - | 189 | 189 | 98 |
| Start up grants | - | - | - | 25 |
| Other EFA/DfE grants | - | 9 | 9 | 3 |
| | - | 755 | 755 | 636 |
| Other government grants | | | | |
| High Needs Top Up | - | 5 | 5 | - |
| | - | 5 | 5 | - |
| Other funding | | | | |
| Parental contributions and trip income | - | 21 | 21 | 20 |
| Contributions to educational activities | - | 5 | 5 | - |
| Supply teacher insurance claims | - | 5 | 5 | - |
| | - | 31 | 31 | 20 |
| | - | 791 | 791 | 656 |

5. COSTS OF GENERATING VOLUNTARY INCOME

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|---------------------|---------------------------------------|-------------------------------------|--------------------------------|---|
| Catering costs | 14 | - | 14 | 8 |
| Kitchen staff costs | 19 | - | 19 | 14 |
| | 33 | - | 33 | 22 |

THE POCHIN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. CHARITABLE ACTIVITIES

| | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|---------------------------------------|--|---|
| EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 322 | 287 |
| National insurance | 19 | 18 |
| Pension costs | 54 | 43 |
| Depreciation | 21 | 18 |
| Educational supplies | 4 | 5 |
| Staff development | 2 | 1 |
| Other direct costs | 22 | 22 |
| Insurance | 2 | 6 |
| | <hr/> 446 <hr/> | <hr/> 400 <hr/> |
| SUPPORT COSTS | | |
| Wages and salaries | 57 | 47 |
| National insurance | 3 | 2 |
| Pension costs | 11 | 9 |
| Pension finance costs (note 13) | 7 | 5 |
| Travel and subsistence | 5 | 4 |
| Maintenance of premises and equipment | 21 | 20 |
| Cleaning | 1 | - |
| Rent and rates | 14 | 14 |
| Energy costs | 3 | 6 |
| Insurance | 12 | 13 |
| Legal and professional | 3 | - |
| Other support costs | 27 | 15 |
| | <hr/> 164 <hr/> | <hr/> 135 <hr/> |
| | <hr/> 610 <hr/> <hr/> | <hr/> 535 <hr/> <hr/> |

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

7. GOVERNANCE COSTS

| | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|------------------------|--|---|
| Internal audit costs | 1 | 1 |
| Auditors' remuneration | 6 | 5 |
| Legal fees | - | 16 |
| | <u>7</u> | <u>22</u> |

8. TOTAL RESOURCES EXPENDED

| | Staff costs | Non Pay Premises | Expenditure Other costs | Total | Total |
|---|----------------------|-----------------------------|------------------------------------|----------------------|----------------------|
| | 2014 £000 | 2014 £000 | 2014 £000 | 2014 £000 | 2013 £000 |
| Costs of generating voluntary income | 19 | - | 14 | 33 | 22 |
| Costs of generating funds | <u>19</u> | <u>-</u> | <u>14</u> | <u>33</u> | <u>22</u> |
| Educational Operations | 395 | 15 | 36 | 446 | 400 |
| Support costs | 78 | 39 | 47 | 164 | 135 |
| Charitable activities | <u>473</u> | <u>54</u> | <u>83</u> | <u>610</u> | <u>535</u> |
| Governance | <u>-</u> | <u>-</u> | <u>7</u> | <u>7</u> | <u>22</u> |
| | <u>492</u> | <u>54</u> | <u>104</u> | <u>650</u> | <u>579</u> |

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

9. NET INCOMING RESOURCES

This is stated after charging:

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|---------------------------------------|---|---|
| Depreciation of tangible fixed assets | 21 | 18 |
| Auditors' remuneration | 6 | 6 |
| Internal audit costs | 1 | 1 |
| | 4 | 4 |
| Operating lease rentals paid | <u>4</u> | <u>4</u> |

10. STAFF

a. Staff costs

Staff costs were as follows:

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|---------------------------------|---|---|
| Wages and salaries | 388 | 340 |
| Social security costs | 22 | 21 |
| Other pension costs | 68 | 53 |
| | <u>478</u> | <u>414</u> |
| Supply teacher costs | 7 | 6 |
| Pension finance costs (note 13) | 7 | 5 |
| | <u>492</u> | <u>425</u> |

b. Staff numbers

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

| | Year ended 31 August 2014 No. | Period ended 31 August 2013 No. |
|----------------------------|--|--|
| Teaching | 7 | 5 |
| Administration and support | 8 | 7 |
| Management | 1 | 2 |
| | <u>16</u> | <u>14</u> |

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

10. STAFF (continued)

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in either year.

11. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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's pension contributions) fell within the following bands:

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|------------------------|---|---|
| S Cotton (Headteacher) | 60-65 | 55-60 |
| A Johnson | 40-45 | 5-10 |
| X Kent | 0-5 | 20-25 |
| L Cohen | - | 15-20 |
| A Kirk | 5-10 | - |

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

Other related party transactions involving the Trustees are set out in note 24.

12. 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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,452 (2013 - £1,429). The cost of this insurance is included in the total insurance cost.

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

13. PENSION FINANCE COSTS

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--|---|---|
| Expected return on pension scheme assets | 11 | 7 |
| Interest on pension scheme liabilities | (18) | (12) |
| | <u>(7)</u> | <u>(5)</u> |

14. TANGIBLE FIXED ASSETS

| | Long leasehold property £000 | Leasehold property improvements £000 | Computer equipment £000 | Fixtures and fittings £000 | Total £000 |
|--------------------------|---|---|--|---|-----------------------|
| Cost or valuation | | | | | |
| At 1 September 2013 | 965 | 124 | 27 | - | 1,116 |
| Additions | - | 117 | 5 | 1 | 123 |
| Disposals | - | - | (1) | - | (1) |
| At 31 August 2014 | <u>965</u> | <u>241</u> | <u>31</u> | <u>1</u> | <u>1,238</u> |
| Depreciation | | | | | |
| At 1 September 2013 | 10 | 1 | 7 | - | 18 |
| Charge for the year | 11 | 4 | 6 | - | 21 |
| At 31 August 2014 | <u>21</u> | <u>5</u> | <u>13</u> | <u>-</u> | <u>39</u> |
| Net book value | | | | | |
| At 31 August 2014 | <u>944</u> | <u>236</u> | <u>18</u> | <u>1</u> | <u>1,199</u> |
| At 31 August 2013 | <u>955</u> | <u>123</u> | <u>20</u> | <u>-</u> | <u>1,098</u> |

Included in long leasehold property is leasehold land at a valuation of £420,000 (2013: £420,000) which is not depreciated.

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

15. DEBTORS

| | 2014 | 2013 |
|--------------------------------|-------------|-----------|
| | £000 | £000 |
| VAT recoverable | 3 | 14 |
| Prepayments and accrued income | 20 | 11 |
| | <u>23</u> | <u>25</u> |

16. CREDITORS:
Amounts falling due within one year

| | 2014 | 2013 |
|------------------------------|-------------|-----------|
| | £000 | £000 |
| Taxation and social security | 7 | 8 |
| Other creditors | 9 | 7 |
| Accruals and deferred income | 25 | 69 |
| | <u>41</u> | <u>84</u> |

| | £000 |
|------------------------------------|-------------|
| Deferred income | |
| Resources deferred during the year | <u>20</u> |

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals income received in advance for the 2014/15 academic year.

17. STATEMENT OF FUNDS

| | Brought forward | Incoming resources | Resources expended | Gains/ (losses) | Carried forward |
|---------------------------|------------------------|---------------------------|---------------------------|------------------------|------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Unrestricted funds | | | | | |
| General funds | <u>51</u> | <u>46</u> | <u>(33)</u> | <u>-</u> | <u>64</u> |

THE POCHIN SCHOOL
(A Company Limited by Guarantee)

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

17. STATEMENT OF FUNDS (continued)

Restricted funds

| | | | | | |
|----------------------------|--------------|------------|--------------|-------------|--------------|
| General Annual Grant (GAG) | 15 | 551 | (531) | - | 35 |
| Other DfE/EFA grants | - | 9 | (9) | - | - |
| Pupil Premium | - | 6 | (6) | - | - |
| Other income | - | 37 | (37) | - | - |
| Capital grants | - | 67 | - | - | 67 |
| Pension reserve | (191) | - | (13) | (87) | (291) |
| | <u>(176)</u> | <u>670</u> | <u>(596)</u> | <u>(87)</u> | <u>(189)</u> |

Restricted fixed asset funds

| | | | | | |
|-------------------------------|--------------|------------|--------------|-------------|--------------|
| Transfer from Local Authority | 958 | - | - | - | 958 |
| Capital grant | 97 | 122 | (21) | - | 198 |
| PTA Donation | 33 | - | - | - | 33 |
| Capital expenditure from GAG | 10 | - | - | - | 10 |
| | <u>1,098</u> | <u>122</u> | <u>(21)</u> | <u>-</u> | <u>1,199</u> |
| Total restricted funds | <u>922</u> | <u>792</u> | <u>(617)</u> | <u>(87)</u> | <u>1,010</u> |
| Total of funds | <u>973</u> | <u>838</u> | <u>(650)</u> | <u>(87)</u> | <u>1,074</u> |

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

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement.

Other DfE/EFA grants

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

Pupil Premium

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other grants

These are funds and grants received from the local authority and other institutions for use on specific educational projects.

Other income

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

These consist of income from all other sources to be used primarily for the Academy's educational operations.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2014 £000 | Restricted funds 2014 £000 | Restricted fixed asset funds 2014 £000 | Total funds 2014 £000 | 11 months ended 31 August 2013 £000 |
|-------------------------------|---------------------------------------|-------------------------------------|--|--------------------------------|---|
| Tangible fixed assets | - | - | 1,199 | 1,199 | 1,098 |
| Current assets | 64 | 143 | - | 207 | 150 |
| Creditors due within one year | - | (41) | - | (41) | (84) |
| Pension reserve | - | (291) | - | (291) | (191) |
| | <u>64</u> | <u>(189)</u> | <u>1,199</u> | <u>1,074</u> | <u>973</u> |

19. NET CASH FLOW FROM OPERATING ACTIVITIES

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--|---|---|
| Net incoming resources before revaluations | 188 | 1,003 |
| Fixed assets transferred in from Local Authority on conversion | - | (975) |
| Pension liability transferred on conversion | - | 155 |
| Depreciation of tangible fixed assets | 21 | 18 |
| Capital grants | (122) | (131) |
| Decrease/(increase) in debtors | 2 | (25) |
| (Decrease)/increase in creditors | (43) | 84 |
| Cash transferred on conversion to Academy | - | (45) |
| FRS 17 adjustments | 13 | 6 |
| Net cash inflow from operations | <u>59</u> | <u>90</u> |

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FOR THE YEAR ENDED 31 AUGUST 2014

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|---|---|---|
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (122) | (141) |
| Capital grants | 122 | 131 |
| | <hr/> | <hr/> |
| Net cash outflow capital expenditure | - | (10) |
| | <hr/> <hr/> | <hr/> <hr/> |

21. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2013 £000 | Cash flow £000 | Other non-cash changes £000 | 31 August 2014 £000 |
|---------------------------|--|---------------------------|--|------------------------------------|
| Cash at bank and in hand: | 125 | 59 | - | 184 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net funds | 125 | 59 | - | 184 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

22. 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 Leicestershire County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £7,129 were payable to the scheme at 31 August 2014 (2013 - £7,419) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

22. PENSION COMMITMENTS (continued)

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

Valuation of the Teachers' Pension Scheme

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

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

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

A copy of the valuation report and supporting documentation is on the Teachers Pension website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>)

Teachers' Pension Scheme Changes

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

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

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

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

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22. PENSION COMMITMENTS (continued)

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £35,000, of which employer's contributions totalled £27,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 18.2% for employers and 6.1% for employees.

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

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

| | Expected return at 31 August 2014 % | Fair value at 31 August 2014 £000 | Expected return at 31 August 2013 % | Fair value at 31 August 2013 £000 |
|-------------------------------------|--|--|--|--|
| Equities | 6.30 | 172 | 6.60 | 116 |
| Bonds | 3.30 | 41 | 3.80 | 47 |
| Property | 4.50 | 24 | 4.70 | 24 |
| Cash | 3.30 | 7 | 3.60 | 2 |
| Total market value of assets | | 244 | | 189 |
| Present value of scheme liabilities | | (535) | | (372) |
| (Deficit)/surplus in the scheme | | (291) | | (183) |

The amounts recognised in the Balance Sheet are as follows:

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|-------------------------------------|---|---|
| Present value of funded obligations | (535) | (372) |
| Fair value of scheme assets | 244 | 181 |
| Net liability | (291) | (191) |

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

22. PENSION COMMITMENTS (continued)

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--|---|---|
| Current service cost | (33) | (22) |
| Interest on pension liabilities | (18) | (12) |
| Expected return on pension scheme assets | 11 | 7 |
| | <hr/> | <hr/> |
| Total | (40) | (27) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Actual return on scheme assets | (24) | (16) |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|--------------------------------------|---|---|
| Opening defined benefit obligation | 372 | 292 |
| Current service cost | 33 | 22 |
| Interest cost | 18 | 12 |
| Contributions by scheme participants | 8 | 6 |
| Actuarial losses | 110 | 40 |
| Estimated benefit paid | (6) | - |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 535 | 372 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE POCHIN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

22. PENSION COMMITMENTS (continued)

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

| | Year ended 31 August 2014 £000 | Period ended 31 August 2013 £000 |
|-------------------------------------|---|---|
| Opening fair value of scheme assets | 181 | 137 |
| Expected return on assets | 11 | 7 |
| Actuarial gains | 23 | 10 |
| Contributions by employer | 27 | 21 |
| Contributions by employees | 8 | 6 |
| Benefit paid | (6) | - |
| | <u>244</u> | <u>181</u> |

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £117,000 loss. (2013: £30,000 loss).

The Academy expects to contribute £31,000 to its Defined Benefit Pension Scheme in 2015.

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

| | 2014 | 2013 |
|----------|----------------|---------|
| Equities | 70.00 % | 64.00 % |
| Bonds | 17.00 % | 26.00 % |
| Property | 10.00 % | 9.00 % |
| Cash | 3.00 % | 1.00 % |

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

| | 2014 | 2013 |
|--|---------------|--------|
| Discount rate for scheme liabilities | 3.70 % | 4.60 % |
| Expected return on scheme assets at 31 August | 5.50 % | 5.70 % |
| Rate of increase in salaries | 4.50 % | 5.10 % |
| Rate of increase for pensions in payment / inflation | 2.70 % | 2.80 % |

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

| | 2014 | 2013 |
|----------------------|-------------|------|
| Retiring today | | |
| Males | 22.2 | 20.9 |
| Females | 24.3 | 23.3 |
| Retiring in 20 years | | |
| Males | 24.2 | 23.3 |
| Females | 26.6 | 25.6 |

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

22. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

| | 2014 | 2013 |
|--|--------------|-------|
| | £000 | £000 |
| Defined benefit obligation | (535) | (372) |
| Scheme assets | 244 | 181 |
| Deficit | (291) | (191) |
| Experience adjustments on scheme liabilities | (110) | (40) |
| Experience adjustments on scheme assets | 23 | 10 |

23. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|-----------------------|---------------------------|------|--------------|------|
| | 2014 | 2013 | 2014 | 2013 |
| | £000 | £000 | £000 | £000 |
| Expiry date: | | | | |
| Between 2 and 5 years | - | - | 4 | 1 |

24. 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.

The following related party transactions took place during the period:

B D Mount & Sons, is a company in which J Mount, Trustee has a majority interest. Transactions totalling £1,776 (2013: £577) for the purchase of kitchen produce took place during the year. The contract with B D Mount & Sons was entered into after 7 November 2013 and followed correct procurement procedures. J Mount neither participated in, nor influenced the decision for the procurement of these goods. There was no amount outstanding at 31 August 2014.

P C Kent is the husband of X Kent, a Trustee of the Academy. Transactions totalling £99 (2013: £NIL) for the fitting of a weaving wall took place during the year. The transactions took place before 7 November 2013 and followed correct procurement procedures.

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

25. CONTROLLING PARTY

The Academy is ultimately controlled by the Governing Body, which includes the Headteacher.

26. MEMBERS' LIABILITY

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

27. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.