

**REGISTERED COMPANY NUMBER: 07931627 (England and Wales)**

**Report of the Governors and  
Financial Statements for the Year Ended 31 August 2013  
for  
FOREST WAY SCHOOL  
(a Company Limited by Guarantee)**

**FOREST WAY SCHOOL**

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for the year ended 31 August 2013**

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**FOREST WAY SCHOOL**

**Reference and Administrative Details  
for the Year Ended 31 August 2013**

**Governors**

A G Norwell (Chairman) \*  
J Rees (Vice Chair)  
R A Baker\*  
D R Beaumont\*  
K J Brinkley (Staff)\*  
J J Conway  
L E Holmes  
W Johnson (Resigned September 2012)  
S Harris (Appointed January 2013)  
P A Marney (Staff)  
J P Quinn\*  
L J Slinger, OBE (Headteacher and accounting officer)\*  
V Augustic

\* Members of the Finance Committee

**Company Secretary**

I M Wood

**Senior Leadership Team**

Head teacher  
Executive Deputy Headteacher

L J Slinger  
S Wilson

Deputy Headteacher  
Deputy Headteacher  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher

G Seaton (Appointed August 2013)  
C Leeland (Appointed (August 2013)  
H Joy (Appointed August 2013)  
D Lee (Appointed (August 2013)  
K Westwood (Appointed August 2013)

**Business Manager**

I M Wood

**Company Registration Number**

07931627 (England and Wales)

**Principal address/Registered Office**

Warrens Hills Road  
Coalville  
Leicestershire  
LE67 4UU

**Bankers**

Lloyds TSB  
20 Belvoir Road  
Coalville  
Leicestershire  
LE67 3QH

**Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

**Auditors**

Accapita  
Christopher House  
94b London Road  
Leicester  
LE2 0QS

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2013

The governors present their annual report together with the financial statements and auditor's report of the academy for the year ended 31 August 2013.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Constitution**

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

The trustees of Forest Way School are also the directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as Forest Way School.

Details of the trustees who served throughout the year except as noted 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**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors from claims arising from negligent acts, errors or omissions occurring on Academy business.

##### **Principal activities**

The academy trust's principal activity, as set out in its articles of association and funding agreement is to advance for the public benefit, education in the United Kingdom through its carrying on as a school offering a broad curriculum for pupils with special educational needs.

##### **Method of recruitment and appointment of new governors**

Some of the Governors are directors of the Academy for the purposes of the Companies Act 2006 and some are Trustees for the purposes of charity legislation.

The term of office for any Governor shall be four years but Governors are eligible for re-election at the meeting at which they retire.

The Governors who were in office at 31 August 2013 and served throughout the period are listed on page 1.

##### **Policies and procedures adopted for the induction and training of new governors**

During the period under review the governors held three meetings. The training and induction provided for new governors will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new governors will be given a tour of the academy and the chance to meet with staff and pupils. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the individual.

##### **Organisational structure**

The management structure consists of four levels, the governors, the head teacher, the senior leadership team and the leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. A restructuring of the leadership team with a view to succession planning has been carried out during 2012-13 financial year resulting in the appointment of two deputy head teacher's and three assistant head teachers with effect from August 2013.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and as appropriate the appointment of the head teacher and other senior leaders.

The senior leadership team consists of the head teacher, executive deputy head teacher (whilst current post holder in post only), deputy head teachers, assistant headteachers and the business manager. These members of staff are responsible for the day to day operation of the departments within the academy and for a whole approach.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2013

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Subsidiary company**

Forest Way School owns 100% of the issued ordinary share capital of Forest Way Teaching School Alliance Limited, a company incorporated in England and Wales (company registration number 08044876). The results of the subsidiary are consolidated in the group statement of financial activities and balance sheet. Further details regarding the subsidiary company and its results for the year are given in note 16 to the accounts.

##### **Risk management**

The governors have a duty to identify and review the risks to which the academy is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finance. The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and Academy trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

The principal object and activity of the academy is to provide education for pupils with special educational needs between the ages of 3 and 19.

In accordance with the articles of association the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies amongst other things, the basis for admitting pupils to the academy and that the curriculum should comply with the substance of the national curriculum with an emphasis on communication.

##### **Objectives, strategies and activities**

The main objectives of the academy during the year ended 31 August 2013 are summaries below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, teaching, learning and care
- to improve effectiveness of the academy by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended
- to comply with all appropriate statutory and curriculum requirements
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

The academy's main strategy to carry out the objects is to provide education for pupils appropriate to their needs in a learning environment utilising the best possible teaching facilities and staff. The activities provided include:

- teaching and learning opportunities for all pupils
- a programme of sporting and leisure activities for all pupils
- training opportunities for all staff.

To further promote a high standard of education for pupils our subsidiary company provides training and development opportunities for teachers from schools in the local area through school to school support and conferences.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2013

#### **OBJECTIVES AND ACTIVITIES**

##### **Public benefit**

The Governors have regard to the Charity Commission's guidance on public benefit Section 4 of the Charities Act 2006. The Governors ensure that the Academy's activities are undertaken in line with the charitable aims and objectives.

##### **Equality policy**

The Governors recognise that equality should be an integral part of good practice within the workplace. The Academy aims to establish equality in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

##### **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of pupils and employees with disabilities. The academy does this by adapting the physical environment by making support resources available and through training and career development.

##### **Ofsted**

Forest Way was subject to a full Section 5 Inspection in November 2010. A team of one HMI and two additional Ofsted inspectors visited for two days, observing 21 lessons, interviewing senior leaders, staff, students and the Chairman of Governors.

Forest Way was judged to be outstanding in all areas and was praised in every aspect including leadership, teaching and governance. The report commented: "The highest of expectations are evident in all aspects of the school's work and it is conspicuously successful in all that it does." "Pupils' excellent progress reflects the outstanding teaching seen throughout the inspection."

We were all delighted with the outcome of the inspection as it provided us with the necessary criteria to be designated as a National Teaching School in the first cohort of Teaching Schools in September 2011.

##### **National Teaching School**

Forest Way School became a National Teaching School in September 2011. The Forest Way Teaching School Alliance, operated through our subsidiary company, now comprises a total of 45 partners including 31 primary, 4 high, 2 upper and 6 special schools. The Alliance also works collaboratively with two universities based in Derby and Northampton.

##### **Staffing**

Forest Way is fully staffed for the current academic year with the appointment of two NQTs. We have not had any teachers leave during the last academic year. Succession planning is underway in preparation for the retirement of key senior staff.

##### **Learning Environment**

In January 2009 we moved into a brand new purpose built school which we believe is one of the best buildings in the country. This was supported in June 2009 when the school won the TES Best New Building Award. Staff/governors/parents/carers and pupils were closely involved at all stages of the design and the local community contributed unprecedented support to provide extra facilities and resources. These include state of the art sensory rooms, a swimming pool and exciting outdoor equipment, including a woodland area and horticultural centre with geodesic dome. There are also specialist rooms for Science, Food Technology, Art, Drama/Music and a Life-Skills Apartment.

The building offers excellent indoor and outdoor learning environments and the significant improvement in pupils' behaviour emphasises this.

In December 2012 Forest Way School completed the purchase of a private residential property called The Croft which has been successfully converted from residential use to educational use, providing an excellent Post 16 and Post 14 Life Skills development centre and also additional conference/office facilities for Forest Way Teaching School Alliance.

## **FOREST WAY SCHOOL**

### **Report of the Governors for the year ended 31 August 2013**

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Future Projects**

Forest Way School was originally designed for 125 pupils. The number on roll at conversion on 1 March 2012 had risen to 180. The number on roll at the start of the current academy year has subsequently risen to 189. Whilst the Post 14 and Post 16 Life Skills Development centre has recreated some additional space, the success of the school in improving children's outcomes has further increased the demand for places both locally and further afield. To address this challenge a feasibility study is being considered to add two additional classrooms to the existing school building. An Academies Capital Maintenance application will hopefully be successful and provide funding for this project.

A proposal from a renewable energy company to replace and install an additional wind turbine at no cost will generate sufficient energy to cover the majority our existing electricity costs estimated to be £600k over the next 20 years at today's energy prices. The proposal has been agreed in principle by both Leicestershire County Council (as leaseholder) and the Education Funding Agency. Costs in respect of planning, installation and on-going maintenance will be the responsibility for the renewable energy company.

##### **Admissions**

In all cases Forest Way School is its own Admissions Authority. This means that the Academy Trust will be responsible for things such as setting oversubscription criteria and complying with provisions of the admissions code. However, with regard to children with a statement of special educational needs there are separate rules governing the actual admissions arrangements. Annex B of Forest Way School's Funding Agreement states it must only admit children with a statement, unless the conditions in paragraph 3 of the same document are satisfied. Annex B, along with the Admissions Code, also makes clear that it is the Local Authority's responsibility to draw up a statement of Special Educational Needs (SEN) and may name an academy school in that statement. This means that although Forest Way School is its own Admissions Authority, in practice, the Local Authority will be responsible for the majority of the admissions to the school, by naming the academy in a child's statement of SEN.

Admissions arrangements are the responsibility of the Local Authority in consultation with parents and governors in line with available places. At present, October 2013, there are 189 pupils on roll. Pupils can be admitted at any time during the academic year if there are spaces in the school but are usually admitted in August/ September.

Criteria for admission are recommendations on a pupil's Statement of Special Educational Need or for assessment purposes.

##### **Going concern**

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

#### **FINANCIAL REVIEW**

Forest Way School's income in respect of place funding is obtained from the Department for Education through the Education Funding Agency (EFA) as defined in the formal Funding Agreement agreed with the Secretary of State on conversion. Pupil top up funding is provided by the appropriate local authority responsible for the pupil on a daily basis. The funding is forwarded monthly in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA / Top Up funding from Local Authorities during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In accordance with the Charities Statement of Recommended Practice, 'Account Activities by charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition funds are received from various activities carried out to generate funds, such as lettings, provision of catering, etc. Any surplus is carried forward as an unrestricted fund in the balance sheet.

During the year ended 31 August 2013 total revenue expenditure for the group was £3,706,120.

As at 31 August 2013 the net book value of tangible fixed assets was £10,941,341.

## FOREST WAY SCHOOL

### Report of the Governors for the year ended 31 August 2013

#### FINANCIAL REVIEW

##### Principal risks and uncertainties

The governors consider the following items as the principal risks and uncertainties facing the Academy Trust:

##### Academy funding

The extensive and continuing reforms particularly affecting the way in which funding for Special Educational Needs (High Needs Funding) is paid in the future is still causing uncertainty, particularly the changes affecting our Post 16 pupil funding. The complexity and administrative burdens placed on academies to retrieve appropriate funding from individual local authorities on a monthly/termly basis (in arrears in some cases) can also impact on cash flows. Until these funding reforms are fully integrated there is a degree of uncertainty as to the level of future funding and the effects this may have on the operation of the Academy Trust.

##### Reserves Policy

The Governors will review the reserve levels of the academy annually. The purchase of the bungalow has reduced our reserves substantially and to meet future challenges in terms of inflation pay rises for staff, increases in pension contributions and rising maintenance costs it is essential that a realistic reserve is established for future contingency whilst at the same time ensuring that pupils at school now are not disadvantaged.

##### Financial position

The group held fund balances at 31 August 2013 of £10,065,114 of restricted funds and £114,131 of unrestricted funds.

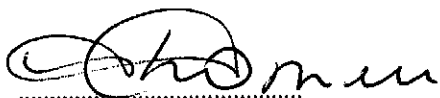
#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the academy's auditors are aware of that information.

#### AUDITORS

The auditors, Accapita, will be proposed for re-appointment at the forthcoming Annual General Meeting.

#### ON BEHALF OF THE BOARD:



A G Norwell - Chair of Governors

Date: 10 DECEMBER 2013



## FOREST WAY SCHOOL

### Governance Statement for the Year Ended 31 August 2013

#### Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Forest Way 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 of loss.

The board of the governors 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 Forest Way School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors Responsibilities. The board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of a possible
A G Norwell	3	3
J Rees	2	3
R A Baker	2	3
D R Beaumont	1	3
K J Brinkley	3	3
J J Conway	2	3
L E Holmes	3	3
W Johnson (resigned September 2012)	0	3
P A Marney	3	3
J P Quinn	3	3
L J Slinger	3	3
V Augustic	0	3
S A Harris (appointed January 2013)	2	3

The Finance Committee is a sub-committee of the main governing body. Its purpose is to provide guidance and assistance to the head teacher and governing body in matters relating to budgeting and finance within the agreed terms of the academy's funding agreement and other Government pronouncements. Attendance at meetings during the period was as follows:

Members	Meetings attended	Out of a possible
A G Norwell	3	3
J Rees	2	3
R A Baker	2	3
D R Beaumont	2	3
K J Brinkley	3	3
J P Quinn	3	3
L J Slinger	3	3
I M Wood	3	3
D Wood	3	3

## FOREST WAY SCHOOL

### Governance Statement for the Year Ended 31 August 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 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 Forest Way School for the period 1 September 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 governors 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 board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 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 governors.

#### **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 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 Governors have considered the need for a specific internal audit function and have decided:

-not to appoint an internal auditor. However, the Governors have appointed Accapita, the external auditors, 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 governing body on the operation of the systems of internal controls and on the discharge of the governing body's financial responsibilities.

#### **Review of Effectiveness**

As Accounting Officer the Head teacher has responsibility for reviewing the effectiveness of the system of internal control during the year in question the review has been informed by:

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


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

**FOREST WAY SCHOOL**

**Governance Statement  
for the Year Ended 31 August 2013**

Approved by order of the members of the board of trustees on.....13 DECEMBER 2013..... and signed on its behalf by:

  
.....  
A G Norwell - Chair of Governors

  
.....  
L J Slinger - Accounting Officer

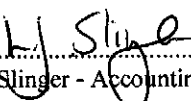
**FOREST WAY SCHOOL**

**Statement on Regularity, Propriety and Compliance  
for the year ended 31 August 2013**

As accounting officer of Forest Way School I have considered my responsibility to notify the academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

  
.....  
L J Slinger - Accounting Officer

Date: 18/12/13.....

## FOREST WAY SCHOOL

### Statement of Governors Responsibilities for the year ended 31 August 2013

The governors (who act as trustees of Forest Way School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the governors are required to

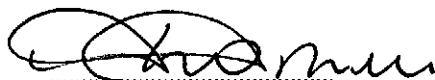
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



.....  
A G Norwell - Chair of Governors

Date: 18 DECEMBER 2013  
.....

## **Report of the Independent Auditors to the Members of Forest Way School**

We have audited the financial statements of Forest Way School for the year ended 31 August 2013 on pages fifteen to forty four. 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 Accounts Direction 2013 issued by the Education Funding Agency (EFA).

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 the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Governors Responsibilities set out on page fourteen, the governors (who are also the directors of the charitable company 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 group's and parent academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors 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 group's and parent academy's affairs as at 31 August 2013 and of the group's 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

### **Opinion on other matter prescribed by the Companies Act 2006**

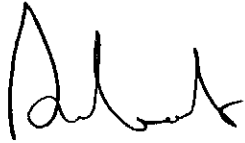
In our opinion the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of  
FOREST WAY 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 by the parent academy or returns adequate for our audit have not been received from branches not visited by us; or
- the parent academy's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew William Root FCCA (Senior Statutory Auditor)  
for and on behalf of Accapita  
Statutory Auditor  
Christopher House  
94b London Road  
Leicester  
LE2 0QS

Date: 20 December 2013

**Independent Reporting Auditor's Assurance Report on Regularity to  
Forest Way School and the Education Funding Agency**

In accordance with the terms of our engagement 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 Forest Way School during the period 1 September 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 Forest Way School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Forest Way School and 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 Forest Way School and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Forest Way School's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Forest Way School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, 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 1 September 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.

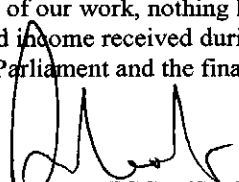
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- a review of activities undertaken by the academy to confirm that they conform with the Academy trust's framework of authorities.
- a review of expenditure confirming items are authorised within the academy trust's delegated authorities and are within the academy trust's framework of authorities.
- an evaluation of the general control environment of the academy trust for the purposes 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 period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

  
Andrew William Root FCCA (Senior Statutory Auditor)  
for and on behalf of Accapita  
Statutory Auditor  
Christopher House  
94b London Road  
Leicester  
LE2 0QS

Date: 20 December 2013



**FOREST WAY SCHOOL**

**Consolidated Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the year ended 31 August 2013**

				Year Ended 31.8.13	Period 1.2.12 to 31.8.12	
	Notes	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £	Total funds £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	14	-	24,795	-	24,795	6,066
Voluntary income - Transfer from Local Authority on conversion		-	-	-	-	10,130,981
Activities for generating funds	14	412,523	33,542	-	446,065	18,896
Investment income	14	723	-	-	723	221
<b>Incoming resources from charitable activities</b>						
Academy's educational operations	14	-	<u>3,214,023</u>	-	<u>3,214,023</u>	<u>1,649,096</u>
<b>Total incoming resources</b>		413,246	3,272,360	-	3,685,606	11,805,260
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Fundraising trading:	14	303,284	-	-	303,284	-
<b>Charitable activities</b>						
Academy's educational operations	14	-	3,108,486	231,612	3,340,098	1,491,110
<b>Governance costs</b>	14	-	<u>62,738</u>	-	<u>62,738</u>	<u>37,391</u>
<b>Total resources expended</b>	14	<u>303,284</u>	<u>3,171,224</u>	<u>231,612</u>	<u>3,706,120</u>	<u>1,528,501</u>
<b>Net incoming/(outgoing) resources before transfers</b>		109,962	101,136	(231,612)	(20,514)	10,276,759
Gross transfers between funds	23	-	<u>(678,117)</u>	<u>678,117</u>	-	-
<b>Net income/(expenditure) for the year</b>		109,962	(576,981)	446,505	(20,514)	10,276,759

The notes form part of these financial statements

**FOREST WAY SCHOOL**

**Consolidated Statement of Financial Activities - continued  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31 August 2013**

				Year Ended 31.8.13	Period 1.2.12 to 31.8.12
Notes	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £	Total funds £
Actuarial losses gains on defined benefit pension scheme	-	(2,000)	-	(2,000)	(75,000)
<b>Net movement in funds</b>	109,962	(578,981)	446,505	(22,514)	10,201,759
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>	4,169	(297,246)	10,494,836	10,201,759	-
<b>TOTAL FUNDS CARRIED FORWARD</b>	114,131	(876,227)	10,941,341	10,179,245	10,201,759

**CONTINUING OPERATIONS**

All incoming resources and resources expended arise from continuing activities.

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

The notes form part of these financial statements

**FOREST WAY SCHOOL**

**Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the year ended 31 August 2013**

		Unrestricted fund	Restricted funds	Restricted Fixed Asset Fund	Year Ended 31.8.13	Period 1.2.12 to 31.8.12
	Notes	£	£	£	Total funds £	Total funds £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	3	-	24,795	-	24,795	6,066
Voluntary income - Transfer from Local Authority on conversion		-	-	-	-	10,130,981
Activities for generating funds	4	27,214	33,542	-	60,756	18,896
Investment income	5	548	-	-	548	221
<b>Incoming resources from charitable activities</b>						
Funding for the academy's educational operations	6	-	3,214,023	-	3,214,023	1,649,096
<b>Total incoming resources</b>		27,762	3,272,360	-	3,300,122	11,805,260
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Fundraising trading	14	5,774	-	-	5,774	-
<b>Charitable activities</b>						
Academy's educational operations	8	-	3,033,503	231,612	3,265,115	1,491,110
<b>Governance costs</b>	9	-	62,738	-	62,738	37,391
<b>Total resources expended</b>	7	5,774	3,096,241	231,612	3,333,627	1,528,501
<b>Net incoming/(outgoing) resources before transfers</b>		21,988	176,119	(231,612)	(33,505)	10,276,759
Gross transfers between funds	23	-	(678,117)	678,117	-	-
<b>Net income/(expenditure) for the year</b>		21,988	(501,998)	446,505	(33,505)	10,276,759

The notes form part of these financial statements

**FOREST WAY SCHOOL**

**Statement of Financial Activities - continued  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31 August 2013**

				Year Ended 31.8.13	Period 1.2.12 to 31.8.12
Notes	Unrestricted fund £	Restricted funds £	Restricted Fixed Asset Fund £	Total funds £	Total funds £
Actuarial losses gains on defined benefit pension schemes	-	(2,000)	-	(2,000)	(75,000)
<b>Net movement in funds</b>	21,988	(503,998)	446,505	(35,505)	10,201,759
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>	4,169	(297,246)	10,494,836	10,201,759	-
<b>TOTAL FUNDS CARRIED FORWARD</b>	26,157	(801,244)	10,941,341	10,166,254	10,201,759

**CONTINUING OPERATIONS**

All incoming resources and resources expended arise from continuing activities.

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

The notes form part of these financial statements

**FOREST WAY SCHOOL (REGISTERED NUMBER: 07931627)**

**Consolidated Balance Sheet  
At 31 August 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	15	10,941,341	10,494,836
Investments	16	-	100
		<u>10,941,341</u>	<u>10,494,936</u>
<b>CURRENT ASSETS</b>			
Debtors	17	29,502	102,256
Cash at bank and in hand		<u>318,853</u>	<u>521,524</u>
		348,355	623,780
<b>CREDITORS</b>			
Amounts falling due within one year	18	(215,451)	(63,957)
		<u>                    </u>	<u>                    </u>
<b>NET CURRENT ASSETS</b>		<u>132,904</u>	<u>559,823</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,074,245	11,054,759
<b>PROVISIONS FOR LIABILITIES</b>	19	(16,000)	-
<b>PENSION LIABILITY</b>	24	(879,000)	(853,000)
		<u>                    </u>	<u>                    </u>
<b>NET ASSETS</b>		<u>10,179,245</u>	<u>10,201,759</u>
<b>FUNDS</b>	23		
Unrestricted funds:			
General fund		114,131	4,169
Restricted funds:			
Restricted General Fund		2,773	555,754
Restricted Fixed Asset Fund		10,941,341	10,494,836
Pension Reserve		(879,000)	(853,000)
		<u>10,179,245</u>	<u>10,197,590</u>
<b>TOTAL FUNDS</b>		<u>10,179,245</u>	<u>10,201,759</u>

The notes form part of these financial statements

**FOREST WAY SCHOOL (REGISTERED NUMBER: 07931627)**

**Consolidated Balance Sheet - continued  
At 31 August 2013**

The financial statements were approved by the Board of Governors and authorised for issue on

18 DECEMBER 2013 and were signed on its behalf by:



A G Norwell - Chair of Governors

The notes form part of these financial statements

**FOREST WAY SCHOOL (REGISTERED NUMBER: 07931627)**

**Balance Sheet  
At 31 August 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	15	10,941,341	10,494,836
Investments	16	<u>100</u>	<u>100</u>
		10,941,441	10,494,936
 <b>CURRENT ASSETS</b>			
Debtors	17	46,142	102,256
Cash at bank and in hand		<u>82,375</u>	<u>521,524</u>
		128,517	623,780
 <b>CREDITORS</b>			
Amounts falling due within one year	18	<u>(24,704)</u>	<u>(63,957)</u>
 <b>NET CURRENT ASSETS</b>		<u>103,813</u>	<u>559,823</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,045,254	11,054,759
 <b>PENSION SCHEME LIABILITY</b>	24	<u>(879,000)</u>	<u>(853,000)</u>
 <b>NET ASSETS</b>		<u>10,166,254</u>	<u>10,201,759</u>
 <b>FUNDS OF THE ACADEMY</b>	23		
Unrestricted funds:			
General fund		26,157	4,169
Restricted funds:			
Restricted General Fund		77,756	555,754
Restricted Fixed Asset Fund		10,941,341	10,494,836
Pension Reserve		<u>(879,000)</u>	<u>(853,000)</u>
		<u>10,140,097</u>	<u>10,197,590</u>
 <b>TOTAL FUNDS</b>		<u>10,166,254</u>	<u>10,201,759</u>

The notes form part of these financial statements

**FOREST WAY SCHOOL (REGISTERED NUMBER: 07931627)**

**Balance Sheet - continued  
At 31 August 2013**

The financial statements were approved by the Board of Governors and authorised for issue on

18 DECEMBER 2013 and were signed on its behalf by:



A G Norwell - Chair of Governors

The notes form part of these financial statements



**FOREST WAY SCHOOL**

**Consolidated Cash Flow Statement  
for the year ended 31 August 2013**

		Year Ended 31.8.13 £	Period 1.2.12 to 31.8.12 £
<b>Net cash inflow from operating activities</b>	Notes 1	474,623	227,391
<b>Cash transferred on conversion to an academy</b>		-	299,522
<b>Returns on investments and servicing of finance</b>	2	723	221
<b>Capital expenditure and financial investment</b>	2	(678,117)	(5,610)
<b>Financing</b>	2	100	-
		<hr/>	<hr/>
<b>(Decrease)/increase in cash in the period</b>		<u>(202,671)</u>	<u>521,524</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
<b>(Decrease)/increase in cash in the period</b>		<u>(202,671)</u>	<u>521,524</u>
<b>Change in net debt resulting from cash flows</b>		<u>(202,671)</u>	<u>521,524</u>
<b>Movement in net debt in the period</b>		<u>(202,671)</u>	<u>521,524</u>
<b>Net debt at 1 September</b>		<u>521,524</u>	<u>-</u>
<b>Net debt at 31 August</b>		<u>318,853</u>	<u>521,524</u>

The notes form part of these financial statements

**FOREST WAY SCHOOL**

**Notes to the Consolidated Cash Flow Statement  
for the year ended 31 August 2013**

**1. RECONCILIATION OF NET (OUTGOING)\INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Year Ended 31.8.13 £	Period 1.2.12 to 31.8.12 £
Net (outgoing)\incoming resources	(17,441)	10,276,759
Depreciation charges	229,424	113,133
Loss on disposal of fixed assets	2,188	-
Transfer from Local Authority on conversion	-	(10,130,981)
Interest received	(548)	(221)
FRS 17 pension cost less contributions paid	(6,000)	(8,000)
FRS 17 pension finance costs	30,000	15,000
Movement in provisions	16,000	-
Decrease/(increase) in debtors	56,079	(102,256)
(Decrease)/increase in creditors	<u>164,921</u>	<u>63,957</u>
<b>Net cash inflow from operating activities</b>	<b><u>474,623</u></b>	<b><u>227,391</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	Year Ended 31.8.13 £	Period 1.2.12 to 31.8.12 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>723</u>	<u>221</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>723</u></b>	<b><u>221</u></b>
 <b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(678,117)	(5,510)
Purchase of fixed asset investments	<u>-</u>	<u>(100)</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(678,117)</u></b>	<b><u>(5,610)</u></b>
 <b>Financing</b>		
Share issue	<u>100</u>	<u>-</u>
<b>Net cash inflow from financing</b>	<b><u>100</u></b>	<b><u>-</u></b>

## FOREST WAY SCHOOL

### Notes to the Consolidated Cash Flow Statement for the year ended 31 August 2013

#### 3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.12 £	Cash flow £	At 31.8.13 £
Net cash:			
Cash at bank and in hand	521,524	(202,671)	318,853
	<hr/>	<hr/>	<hr/>
Total	<u>521,524</u>	<u>(202,671)</u>	<u>318,853</u>

## FOREST WAY SCHOOL

### notes to the financial statements for the year ended 31 August 2013

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

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

##### **Preparation of consolidated financial statements**

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking Forest Way Teaching School Alliance Limited. The results of the subsidiary are consolidated on a line by line basis.

##### **Going concern**

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

##### **Incoming resources**

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

##### **Grants receivable**

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

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.

##### **Donations**

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

##### **Other income**

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

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 1. ACCOUNTING POLICIES - continued

##### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the academy are recognised at an estimate of their gross 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 academy's policies.

##### **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.

##### **Cost of generating funds**

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

##### **Charitable activities**

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

##### **Governance costs**

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

##### **Tangible fixed assets**

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful lives, as follows:

Land	not depreciated
Freehold buildings	2% on cost
Long leasehold buildings	2% on cost
Fixtures, fittings and equipment	10% on reducing balance
Office and computer equipment	33% on reducing balance
Motor Vehicles	25% on reducing balance

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

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

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 1. ACCOUNTING POLICIES - continued

##### **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.

##### **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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

##### **Pension benefits**

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

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

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

##### **Investments**

The academy's shareholding in the wholly owned subsidiary, Forest Way School Teaching Alliance Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

#### 2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**3. VOLUNTARY INCOME**

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.13 Total funds £	Period 1.2.12 to 31.8.12 Total funds £
Donations	-	2,300	2,300	5,066
Grants	-	<u>22,495</u>	<u>22,495</u>	<u>1,000</u>
	<u>-</u>	<u>24,795</u>	<u>24,795</u>	<u>6,066</u>

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.13 Total funds £	Period 1.2.12 to 31.8.12 Total funds £
Hire of facilities	11,929	-	11,929	3,948
Sale of school meals	-	33,542	33,542	14,948
Other income	<u>15,285</u>	<u>-</u>	<u>15,285</u>	<u>-</u>
	<u>27,214</u>	<u>33,542</u>	<u>60,756</u>	<u>18,896</u>

**5. INVESTMENT INCOME**

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.13 Total funds £	Period 1.2.12 to 31.8.12 Total funds £
Deposit account interest	<u>548</u>	<u>-</u>	<u>548</u>	<u>221</u>

**6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
<b>DfE/EFA revenue grants</b>				
- General Annual Grant (GAG) note 2	-	3,126,934	3,126,934	1,601,487
- Other DfE/EFA grants	-	<u>87,089</u>	<u>87,089</u>	<u>47,609</u>
	<u>-</u>	<u>3,214,023</u>	<u>3,214,023</u>	<u>1,649,096</u>

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**7. RESOURCES EXPENDED**

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2013	2012
	£	£	£	£	£
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	-	-	5,774	5,774	-
Academy's educational operations					
Direct costs	2,180,239	231,612	123,277	2,535,128	1,164,971
Allocated support costs	341,842	168,310	219,835	729,987	326,139
	<u>2,522,081</u>	<u>399,922</u>	<u>348,886</u>	<u>3,270,889</u>	<u>1,491,110</u>
Governance costs including allocated support costs	29,921	-	32,817	62,738	37,391
	<u>2,552,002</u>	<u>399,922</u>	<u>381,703</u>	<u>3,333,627</u>	<u>1,528,501</u>



**FOREST WAY SCHOOL**  
**Notes to the Financial Statements - continued**  
**for the year ended 31 August 2013**

**8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.13 Total funds £	Period 1.2.12 to 31.8.12 Total funds £
<b>Direct costs</b>				
Teaching and educational support staff	-	2,254,363	2,254,363	1,056,652
Depreciation	-	229,424	229,424	113,133
Loss on sale of assets	-	2,188	2,188	-
Technology costs	-	23,225	23,225	-
Educational supplies	-	21,427	21,427	18,232
Staff development	-	13,573	13,573	3,597
Contribution towards costs	-	(74,124)	(74,124)	(57,600)
Other direct costs	-	35,677	35,677	3,697
Bursary payments	-	29,375	29,375	27,260
	-	2,535,128	2,535,128	1,164,971
<b>Allocated support costs</b>				
Support staff costs	-	341,842	341,842	142,277
Technology costs	-	17,408	17,408	6,383
Maintenance of premises and equipment	-	106,458	106,458	44,409
Cleaning	-	10,500	10,500	6,022
Rent and rates	-	2,136	2,136	5,866
Energy costs	-	49,216	49,216	26,341
Insurance	-	50,371	50,371	28,102
Transport	-	10,270	10,270	7,387
Catering	-	51,048	51,048	19,982
Telephone	-	6,500	6,500	1,873
Postage and stationery	-	12,266	12,266	6,701
Other support costs	-	71,972	71,972	30,796
	-	729,987	729,987	326,139
	-	3,265,115	3,265,115	1,491,110

**9. NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting):

	£	£
Auditors' remuneration	6,000	6,000
Auditors' remuneration for non-audit work	6,065	1,225
Depreciation - owned assets	229,424	113,133
Deficit on disposal of fixed asset	2,188	-
Operating leases	-	1,147

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 10. GOVERNANCE COSTS

	Unrestricted funds £	Restricted funds £	Year Ended 31.8.13 Total funds £	Period 1.2.12 to 31.8.12 Total funds £
Staff costs	-	29,921	29,921	14,385
Legal and professional fees	-	20,752	20,752	15,781
Auditors' remuneration	-	6,000	6,000	6,000
Auditors' remuneration for non-audit work	-	6,065	6,065	1,225
	<u>-</u>	<u>62,738</u>	<u>62,738</u>	<u>37,391</u>

#### 11. GOVERNORS' REMUNERATION AND BENEFITS

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

L J Slinger, staff governor and trustee	£90,000-£95,000 (2012 - £50,000 - £55,000)
K J Brinkley, staff governor and trustee	£40,000-£45,000 (2012 - £25,000 - £30,000)
P A Marney, staff governor and trustee	£25,000-£30,000 (2012 - £15,000 - £20,000)

During the year ended 31 August 2013 travel and subsistence expenses totalling £254 (2012 - nil) were reimbursed to 1 governor.

Related party transactions involving the governors are set out in note 27.

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**12. STAFF COSTS**

Staff costs during the period were:	2013	2012
	£	£
Wages and salaries	2,169,163	1,005,618
Social security costs	128,477	62,463
Pension costs	<u>306,667</u>	<u>140,147</u>
	2,604,307	1,208,228
Supply teacher costs	<u>21,819</u>	<u>13,086</u>
	<u><u>2,626,126</u></u>	<u><u>1,221,314</u></u>

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2013	2012
	No.	No.
Charitable Activities		
Teachers	23	21
Administration and support	103	86
Management	<u>1</u>	<u>1</u>
	<u>127</u>	<u>108</u>

The number of employees whose emoluments fell within the following:

	2013	2012
	No.	No.
£70,001 - £80,000	1	-
£90,001 - £100,000	<u>1</u>	<u>-</u>
	<u>2</u>	<u>-</u>

Two of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £23,879.

**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,380 (2012 - £685.).

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

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**14. ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

	Academy £	Subsidiary £	Intra group transactions £	Total 2013 £
<b>Incoming resources</b>				
Voluntary income	24,795	-	-	24,795
Activities for generating funds	60,756	409,138	(23,829)	446,065
Investment income	548	175	-	723
Incoming resources from charitable activities	<u>3,214,023</u>	<u>-</u>	<u>-</u>	<u>3,214,023</u>
<b>Total incoming resources</b>	<u>3,300,122</u>	<u>409,313</u>	<u>(23,829)</u>	<u>3,685,606</u>
<b>Resources expended</b>				
Fundraising trading	5,774	396,322	98,812	303,284
Charitable activities	3,265,115		(74,983)	3,340,098
Governance costs	<u>62,738</u>	<u>-</u>	<u>-</u>	<u>62,738</u>
<b>Total resources expended</b>	<u>3,333,627</u>	<u>396,322</u>	<u>23,829</u>	<u>3,706,120</u>
Net incoming/(outgoing) resources	<u>(33,505)</u>	<u>12,991</u>	<u>-</u>	<u>(20,514)</u>

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**15. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings and equipment £
<b>COST</b>			
At 1 September 2012	-	10,474,545	54,923
Additions	644,261	-	30,886
Disposals	-	-	-
At 31 August 2013	<u>644,261</u>	<u>10,474,545</u>	<u>85,809</u>
<b>DEPRECIATION</b>			
At 1 September 2012	-	99,864	2,747
Charge for year	5,985	199,728	5,586
Eliminated on disposal	-	-	-
At 31 August 2013	<u>5,985</u>	<u>299,592</u>	<u>8,333</u>
<b>NET BOOK VALUE</b>			
At 31 August 2013	<u>638,276</u>	<u>10,174,953</u>	<u>77,476</u>
At 31 August 2012	<u>-</u>	<u>10,374,681</u>	<u>52,176</u>
	Motor vehicles £	Office and computer equipment £	Totals £
<b>COST</b>			
At 1 September 2012	61,491	17,010	10,607,969
Additions	-	5,940	681,087
Disposals	<u>(2,501)</u>	<u>-</u>	<u>(2,501)</u>
At 31 August 2013	<u>58,990</u>	<u>22,950</u>	<u>11,286,555</u>
<b>DEPRECIATION</b>			
At 1 September 2012	7,687	2,835	113,133
Charge for year	12,905	8,190	232,394
Eliminated on disposal	<u>(313)</u>	<u>-</u>	<u>(313)</u>
At 31 August 2013	<u>20,279</u>	<u>11,025</u>	<u>345,214</u>
<b>NET BOOK VALUE</b>			
At 31 August 2013	<u>38,711</u>	<u>11,925</u>	<u>10,941,341</u>
At 31 August 2012	<u>53,804</u>	<u>14,175</u>	<u>10,494,836</u>

Included in cost or valuation of land and buildings is land of £633,150

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 16. FIXED ASSET INVESTMENTS

The academy owns the entire ordinary share capital of Forest Way School Teaching Alliance Limited, a company registered in England and Wales. The subsidiary provides training and professional development for teachers. The investment is shown in the balance sheet at cost.

All activities have been consolidated on a line by line basis in the statement of financial activities.

A summary of the results of the subsidiary is shown below:

	2013
	£
Turnover	409,138
Cost of sales and administrative expenses	(393,074)
Interest receivable	<u>175</u>
Net profit	16,239
Taxation	<u>(3,248)</u>
Retained profit	<u><u>12,991</u></u>

The aggregate of the assets and liabilities of the subsidiary were:

Debtors	34
Cash at bank and in hand	236,478
Creditors amounts due within one year	(207,421)
Provisions for liabilities	<u>(16,000)</u>
Net assets	<u><u>13,091</u></u>
Called up share capital	100
Profit and loss account	<u>12,991</u>
Shareholder's funds	<u><u>13,091</u></u>

#### 17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2013	Academy 2013	Academy 2012
	£	£	£
Trade debtors	34	-	-
Amounts owed by group undertakings	-	16,674	-
Value added tax	10,702	10,702	2,169
Prepayments and accrued income	<u>18,766</u>	<u>18,766</u>	<u>100,087</u>
	<u><u>29,502</u></u>	<u><u>46,142</u></u>	<u><u>102,256</u></u>

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2013 £	Academy 2013 £	Academy 2012 £
Trade creditors	19,227	-	15,868
Amounts owed by group undertakings	-	-	100
Accruals and deferred income	192,976	24,703	47,989
Taxation and social security	3,248	-	-
	<u>215,451</u>	<u>24,703</u>	<u>63,957</u>

Included in accruals and deferred income is bursary fund income of £2,514 (2012 - £21,189) received in advance for the 2013/14 academic year and unspent at the period end.

**19. PROVISIONS FOR LIABILITIES**

	Group 2013 £	Academy 2013 £
Other provisions	<u>16,000</u>	<u>-</u>
	<u>16,000</u>	<u>-</u>
	Other provisions £	
Balance at 1 September 2012	-	
Statement of financial activities	<u>16,000</u>	
Balance at 31 August 2013	<u>16,000</u>	

Provision relates to costs of school assessments payable.

**20. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2013 £	2012 £
Expiring: Within one year	<u>-</u>	<u>1,338</u>

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**21. 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.

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

				2013	2012
	Unrestricted fund	Restricted funds	Restricted Fixed Asset fund	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	-	10,941,341	10,941,341	10,494,836
Investments	-	-	-	-	100
Current assets	320,878	27,477	-	348,355	623,780
Current liabilities	(190,747)	(24,704)	-	(215,451)	(63,957)
Provisions for liabilities	(16,000)	-	-	(16,000)	-
Pension liability	-	(879,000)	-	(879,000)	(853,000)
	<u>114,131</u>	<u>(876,227)</u>	<u>10,941,341</u>	<u>10,179,245</u>	<u>10,201,759</u>

**23. MOVEMENT IN FUNDS**

	Balance at 1 September 2012	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2013
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	187,609	3,214,023	(2,720,742)	(678,117)	2,773
Other DfE/EFA grants	47,609	-	(47,609)	-	-
Other restricted	21,014	58,337	(79,351)	-	-
Transfer on conversion	299,522	-	(299,522)	-	-
Pension reserve	(853,000)	-	(24,000)	(2,000)	(879,000)
	<u>(297,246)</u>	<u>3,272,360</u>	<u>(3,171,224)</u>	<u>(680,117)</u>	<u>(876,227)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	-	-	-	-	-
Capital expenditure from GAG	(107,623)	-	(231,612)	678,117	338,882
Transfer on conversion	10,602,459	-	-	-	10,602,459
	<u>10,494,836</u>	<u>-</u>	<u>(231,612)</u>	<u>678,117</u>	<u>10,941,341</u>
<b>Total restricted funds</b>	<u>10,197,590</u>	<u>3,272,360</u>	<u>(3,327,853)</u>	<u>(2,000)</u>	<u>10,065,114</u>
<b>Unrestricted funds</b>					
Unrestricted funds	<u>4,169</u>	<u>413,246</u>	<u>(303,284)</u>	<u>-</u>	<u>114,131</u>
<b>Total unrestricted funds</b>	<u>4,169</u>	<u>413,246</u>	<u>(303,284)</u>	<u>-</u>	<u>114,131</u>
<b>Total funds</b>	<u>10,201,759</u>	<u>3,685,606</u>	<u>(3,706,120)</u>	<u>(2,000)</u>	<u>10,179,245</u>



## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 23. MOVEMENT IN FUNDS - continued

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

Restricted General Funds represent unspent General Annual Grant (GAG) which must be used for the normal recurring costs of the Academy. The Academy is allowed to carry forward up to 12% of the amount of (GAG), of the carried forward amount, up to 2% of the GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended. During the year a transfer of £678,117 was made from restricted general funds to represent capital expenditure met from GAG income.

Restricted Pension Reserve Funds represent the Academy's share of the assets and liabilities of the Local Government Pension Scheme.

#### 24. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. 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 was 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 year.

##### 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.

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 24. PENSION COMMITMENTS – continued

##### 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.

##### 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.

## FOREST WAY SCHOOL

### Notes to the Financial Statements - continued for the year ended 31 August 2013

#### 24. PENSION COMMITMENTS - continued

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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £262,102, of which employer's contributions totalled £203,861 and employees' contributions totalled £58,241. The agreed contribution rates for future years are 19.6% for employers and between 5.5% and 12.5% dependent on pay rates for employees.

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5.10%	4.50%
Rate of increase for pensions in payment/inflation	2.80%	2.20%
Discount rate for scheme liabilities	4.60%	4.10%
Inflation assumption (CPI)	2.80%	2.10%
Commutation of pensions to lump sums - Pre April 2008 service	50%	50%
- Post April 2008 service	75%	75%

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	20.9	20.9
Females	23.3	23.3
Retiring in 20 years		
Males	23.3	23.3
Females	25.6	25.6

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**24. 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	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	6.60%	643	5.50%	454
Bonds	3.80%	261	2.80%	111
Property	4.70%	90	3.70%	72
Cash	3.60%	<u>10</u>	2.80%	<u>13</u>
Total market value of assets		1,004		650
Present value of scheme liabilities - Funded		<u>(1,883)</u>		<u>(1,503)</u>
<b>Surplus/(deficit) in the scheme</b>		<u>(879)</u>		<u>(853)</u>

The expected returns are based on the proprietary asset model of Hymans Robertson LLP, the model parameters are calibrated to market conditions on a monthly basis. The return on bonds is based on redemption yields at the accounting date on suitable bond indices.

The actual return on scheme assets was £89,000 (2012 - £2,000).

**Amounts recognised in the statement of financial activities**

	2013 £000	2012 £000
Current service cost (net of employee contributions)	<u>(197)</u>	<u>(78)</u>
Total operating charge	<u>(197)</u>	<u>(78)</u>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	37	16
Interest on pension liabilities	<u>(67)</u>	<u>(31)</u>
<b>Pension finance income / (costs)</b>	<u>(30)</u>	<u>(15)</u>

The actual 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 £77,000 loss (2012 - £75,000 loss).

**FOREST WAY SCHOOL**  
**Notes to the Financial Statements - continued**  
**for the year ended 31 August 2013**

**24. PENSION COMMITMENTS - continued**

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

	2013 £000	2012 £000
At 1 September	1,503	1,308
Current service cost	197	78
Interest cost	67	31
Employee contributions	61	26
Actuarial (gain)/loss	55	30
	<u>1,883</u>	<u>1,503</u>
At 31 August	<u>1,883</u>	<u>1,503</u>

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

	2013 £000	2012 £000
At 1 September	650	537
Expected return on assets	37	16
Actuarial gain/(loss)	53	(15)
Employer contributions	203	86
Employee contributions	61	26
	<u>1,004</u>	<u>650</u>
At 31 August	<u>1,004</u>	<u>650</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £215,000.

The history of experience adjustments is as follows:

	2013 £000	2012 £000
Present value of defined benefit obligations	(1,883)	(1,503)
Fair value of share of scheme assets	<u>1,004</u>	<u>650</u>
Surplus/(Deficit) in the scheme	<u>(879)</u>	<u>(853)</u>
Experience adjustments on share of scheme assets	-	-
Experience adjustments on scheme liabilities	53	(15)

**25. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means, of any assets for which a Government grant was received, the Academy is required, either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original costs met by the Secretary of State

Upon termination of the Funding Agreement, whether as a result of the Secretary of State of the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the Academy site and premises and other assets held for the purpose of the Academy, and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

**FOREST WAY SCHOOL**

**Notes to the Financial Statements - continued  
for the year ended 31 August 2013**

**26. CAPITAL COMMITMENTS**

	2013	2012
	£	£
Contracted but not provided for in the financial statements	<u>55,487</u>	<u>-</u>

The above commitments were payable in September 2013.

**27. RELATED PARTY DISCLOSURES**

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

**28. ULTIMATE CONTROLLING PARTY**

The academy is under the control of the governors.