

# The Polesworth School Academy Trust

## Annual Report and Financial Statements

Period ended 31 August 2011



Company Registration Number:  
07472736 (England and Wales)

**The Polesworth School Academy Trust**

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**Reference and Administrative Information**

**Governors**

Mr D Butcher (reappointed 11.7.11)  
Mrs K Bailey (resigned 31.8.11)  
Mr R Bloomfield (resigned 4 4.11)  
Mrs H Budge (resigned 10.5 11)  
Mr B Dimbleby (Chair)  
Mr D Harris (appointed 4.4.11)  
Mr G Hollyoake  
Mr D Savage (resigned 31.8.11)  
Mrs S Wootton  
Mr S Wallis  
Mr R Bickley  
Mr R Vernon  
Mr P Hamilton  
Mr K Veasey-Watts (appointed 11.7 11)  
Mrs L Gudgeon  
Mrs D Snell  
Mrs K Stone  
Mr R Forder-Denham (appointed 11.7 11)  
Mr K Willis  
Mrs S Preston (appointed 11.7.11)  
Mr I Rutherford  
Miss C O'Regan (appointed 1.6.11)  
Mrs D Wayne (resigned 31.7.11)  
Mr J Whitehead (appointed 1.6.11)  
Mrs J Kasperczyk

**Strategic Leadership Team**

Headteacher  
Deputy Headteacher  
Deputy Headteacher  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher  
School Business Manager

Mr P Hamilton  
Mrs M Favell  
Miss J Howell  
Mrs L Munn  
Mr A Boulstridge  
Mrs A Rickus  
Mrs J Corden

**Address**

Dordon Road  
Dordon  
Tamworth  
Staffs  
B78 1QT

**Company Registration Number**

07472736

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The Polesworth School Academy Trust

**Auditors**

RSM Tenon Audit Limited  
Charterhouse  
Legge Street  
Birmingham  
B4 7EU

**Bank**

Lloyds TSB  
9 Birmingham Road  
Sutton Coldfield  
B72 1QA

**Solicitors**

Browne Jacobson LLP  
44 Castle Gate  
Nottingham  
NG1 7BJ

**Accountants**

CEFM  
Red Lion House  
9-10 High Street  
High Wycombe  
Bucks  
HP11 2AZ

## **Governor's Report**

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2011.

The Academy was incorporated on 17 December 2010 and commenced operations on 1 February 2011.

The financial statements have been prepared in accordance with the accounting policies on pages 21 to 23 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP2005')

### **Principal Activities**

The characteristics of the Academy are that the school has a curriculum satisfying the requirements of Section 78 of EA 2002 (balanced and broadly based curriculum); provides secondary education with a particular area of specialism (languages); provides education for pupils of different abilities and for pupils who are wholly or mainly drawn from the area in which the school is situated.

### **Structure, Governance and Management**

#### **Constitution**

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

The governors act as the trustees for the charitable activities of The Polesworth School Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Polesworth School Academy Trust.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

#### **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**

We have taken out Governing Body and Employers' Liability Insurance The Professional Indemnity or Governors/Trustees or Officers' Liability insurance Limit is £10m.

#### **Method of Recruitment and Appointment or Election of Governors**

The members may appoint up to 7 Governors save that no more than one third of the total number of individual appointed as Governors shall be employees of the Academy Trust (including the Principal) The Principal shall be treated for all purposes as being an ex officio Governor. Subject to Article 56, the Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

#### **Policies and Procedures Adopted for the Induction and Training of Governors**

Training and induction is provided for new Governors and depends on their existing experience. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new governors a year, induction tends to be done informally and is tailored specifically to the individual.

### **Organisational Structure**

The management team operates on three levels and is made up of the Governors, the Strategic Leadership Team, and the Operational Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. 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 and senior staff appointments.

The Strategic Leadership Team consists of the Headteacher, two Deputy Headteachers, three Assistant Headteachers and the School Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. They are responsible for the authorisation of spending within agreed budgets and the appointment of staff (interview panels for senior posts within the school would include a Governor).

The Operational Leadership Team consists of five Directors of Learning who are responsible for the day to day operation of the Academy.

### **Risk Management**

The Governors have assessed the major financial risks to which the Academy is exposed by completing a financial risk and control checklist as part of our preparations for FMSiS in June 2010. Operational procedures that are in place to minimise the risk when recruiting new staff include vetting of new staff and governors on the interview panel. A Governor undertakes a termly site inspection with the Facilities Manager to monitor the premises and health and safety standards at the school. Governors have approved the Financial Management and Governance Evaluation carried out in March 2011. The Academy has effective financial procedures in place and these are explained in the Financial Procedures Manual. Governors regularly review all elements of the Academy business to ensure that potential risks are identified and processes implemented to mitigate those risks.

As a newly converted Academy we are in the process of undertaking a full risk assessment using the model document in the Academies Financial Procedures Manual in order to ensure that potential risks are identified and processes implemented to mitigate those risks.

### **Connected Organisations, including Related Party Relationships**

*There are no connected organisations*

### **Objectives and Activities**

The Academy Trust's objects are specifically restricted to the following:

To advance for the public benefit education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum (the Academy) and to promote for the benefit of the inhabitants of Polesworth, Dordon and the surrounding villages the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants

### **Objects and Aims**

The principal object and activity of the charitable company is the operation of The Polesworth School to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on languages

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on languages

The main objectives of the school during the period ended 31 August 2011 are summarised below.

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of the school 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 maintain close links with industry and commerce, and
- to conduct the school's business in accordance with the highest standards of integrity, probity and openness.

### **Objectives, Strategies and Activities**

We value three main types of achievement for our young people, and the vision for our school is that we ensure our students are enabled to achieve to a consistently outstanding level.

**Achievement - Academic** We believe all young people have the potential to achieve great things. Intelligence can be developed regardless of emotional and social background, given appropriate teaching and bespoke, individualised support. Young people should be encouraged to develop autonomy and meta cognitive control ('knowing what to do when they don't know what to do') in their learning and to gain inspiration from learning. They should be equipped with a crucial sense of possibility based on a well-developed self-awareness and ambition - ambition not only for themselves but for the communities in which they live and work.

**Achievement - 'letting your light shine':** All young people achieve things they can be proud of every day in addition to academic success and outside our school's planned curriculum. We have a vital role in ensuring individuals develop their own talents and interests and have a responsibility to instil in them a sense of pride in who they are and what they achieve.

**Achievement - relationships:** Excellent relationships for learning are a prerequisite for all other achievements. Relationships that engender mutual respect between young people, and all other members of our school community will ensure learning can be fun in a disciplined and caring environment where the highest expectations are the norm.

Our Strategy for ensuring these Values are lived and made a reality is to ensure a practical and consistent focus on; high aspirations for each student and extracurricular provision that enables their personal talents to be developed, inclusivity, relationship building, excellent classroom teaching and learning, strong leadership at all levels and thorough institutional reflection to ensure we understand where our strengths are and where we should continue to develop. We target areas for development with innovation. All of this is described in 4 documents:

1. Ensuring Excellence - Day to practice
2. School Self Evaluation Handbook and framework
3. Targeted Student Intervention Plan
4. Innovation - Priorities for innovation and development which include:
  - Establishing and maintaining a climate for innovation
  - Ensuring new technologies enhance professionalism and learning
  - Developing further our routine outstanding teaching & learning and an outstanding curriculum
  - Ensuring all opportunities for students and staff to shine are taken
  - Ensure excellent behaviour is the minimum expectation through enhancing the development of relationships for learning across the school and in partnership with parents

### **Public Benefit**

The Governors of The Polesworth School Academy Trust have complied with their duty to provide high quality education.

### **Achievements and Performance**

The Academy is in its first period of operation and continues to achieve the forecast numbers of students. The total number of students in the period ended 31<sup>st</sup> August 2011 was 1461. The Academy has obtained agreement from the Department for Education to admit 224 students in each year group.

Examination results in 2011 were very pleasing. At KS4 a third consecutive year of record standards were achieved with 63% of students gaining 5A\*-C including English and Maths (51%, 59%, 62% last three years). Initial value added analysis suggests this performance would be at least in the top 20% of similar schools. Progress in English and Maths was above national averages (significantly so in English). 34% of students achieved the English Baccalaureate - over double the national average. At KS5 average points score (per entry and per student) were in line with previous high levels and the APS per student was well above the national average and amongst the highest in Warwickshire and the highest in the local North Warwickshire and Tamworth area.

Our focus on raising standards continues using a targeted strategy of intervention and student achievement tracking over three main assessment windows throughout each academic year. This also includes a thorough analysis of student achievement each year on a student by student basis and related short, medium and long term action planning.

Our students study a broad curriculum that enables student choice and is flexible allowing for breadth and/or specialism. Extra investment in core subjects (extra classes and resources) has raised standards. The students' curriculum enables access to over 40 different subjects across the different year groups. Students also benefit from a programme of Personal, Social and Health Education and Work related learning (including a 2 week work experience in year 10). The vast majority of our students continue with education after year 11 and our sixth form (numbering 350 students) is the destination for the majority of our year 11. Others go to FE colleges and apprenticeships and a small minority straight into employment. Levels of NEET (Not in Education, Employment or Training) are low.

Our staff thrives professionally and perform to a high level. Over 90% of lesson observations are good or better with 40% outstanding. They have access to bespoke professional development, with provision that allows them to tailor their own learning to their own professional priorities. 11 teaching staff (12% of the teaching staff) are studying for a Masters Degree.

### **Going Concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it has adopted 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.

### **Key Financial Performance Indicators**

As a newly opened Academy we have decided to appoint an external Responsible Officer to ensure independence, integrity and segregation of duties. We have undertaken a review of the finance packages available and have decided to use a new system from 1<sup>st</sup> September 2011 in order to be able to produce reports required by the YPLA.

### **Financial Review**

Most of the Academy's income is obtained from the YPLA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the YPLA during the year ended 31 August 2011 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting 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.



During the year ended 31 August 2011, total expenditure of £4.421 million was more than covered by recurrent grant funding from the YPLA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £488,000.

At 31 August 2011 the net book value of fixed assets was £9.6 million and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

#### **Financial and Risk Management Objectives and Policies**

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 finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching and learning and health and safety) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, site visits and department visits) 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 following statement.

#### **Principal Risks and Uncertainties**

The major risks to which the Academy is exposed have been reviewed and some further work remains to be completed to ensure all key risks are properly mitigated and anticipated. The new government is making radical changes in education funding, and whilst these uncertainties clearly exist Governors are confident that the Academy has adequate resources.

#### **Reserves Policy**

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 1 week's expenditure, approximately £135K. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Governors will continue to monitor reserves on a regular basis.

#### **Investment Policy**

There are no material investments.

#### **Plans for Future years**

We are one year into a 3 year development plan with the priorities already described in this document. The school is full and our sixth form has leapt in numbers in recent years. We constantly strive for new innovative approaches to our work and look to develop and our developing culture of innovation is reaping benefits. Staff are leading projects that include the further development of Gifted and Talented provision, tutoring, mentoring, student rewards, Post 16 teaching and learning and literacy across the curriculum.

This work is also in the context of a planned significant new build at the school to replace its aging "temporary" classroom.

As government policy develops, our school's responsibility as an outstanding converter academy will broaden and our capacity for work with other educational partners will grow.

#### **Funds held as Custodian Trustee on behalf of others**

The Polesworth School Academy Trust has acted as the 'banker school' for Extended Services funding during the period February to August 2011. There is a balance which will be paid to other schools in the new financial year.


**Disclosure of information to the Academy's Auditor**

In so far as the governors are aware:

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

A statement may also be included in respect of the reappointment of the auditors.

Approved by order of the members of the Governing Body on 5 December 2011 and signed on its behalf by:



Mr B Dimbleby

Chair

## Statement on Internal Control

Governors are aware of their responsibilities and have appointed an external Responsible Officer to carry out regular scrutiny of financial data. This is supported by regular reports to the Governing Body. The system of internal control aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

### Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that The Polesworth School Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material 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 Polesworth School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Polesworth School Academy Trust for the period ended 31 August 2011 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 Trust 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2011 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 Trust'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 Environment & Finance Committee on a termly basis;
- regular reviews by the Environment & 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 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 have appointed CEFM to act as Responsible Officer. The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The Responsible Officer also provides assistance with period end procedures and budget monitoring. Two Responsible Officer visits have been undertaken during the period ended 31<sup>st</sup> August 2011 and no significant issues have been identified.

#### **Review of Effectiveness**

As a newly opened Academy we have not yet undertaken a review of the effectiveness of the work of the Responsible Officer and external auditor

Approved by order of the members of the Governing Body on 5 December 2011 and signed on its behalf by:



**Mr B Dimbleby**

Chair



**Mr P Hamilton**

Accounting Officer

## Statement of Governor's Responsibilities

The governors (who act as trustees for charitable activities of The Polesworth School Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

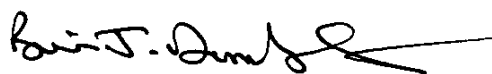
Company law requires the governors to prepare financial statements for each financial period. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources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

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

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

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

Approved by order of the members of the Governing Body on 5 December 2011 and signed on its behalf by:



Mr B Dimbleby

Chair

## **Independent Auditor's Report to the Members of The Polesworth School Academy Trust 31 August 2011**

We have audited the financial statements of The Polesworth School for the period ended 31 August 2011, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company'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**

The Governors act as trustees for the charitable activities of The Polesworth School and are also the directors of the company for the purposes of company law.

As explained more fully in the Statement of Governors' Responsibilities set out in the Governors' Report, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company'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 [describe the annual report] to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material 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 charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006,
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Young People's Learning Agency in respect of the relevant financial period; and
- grants made by the Young People's Learning Agency have been applied for the purposes intended

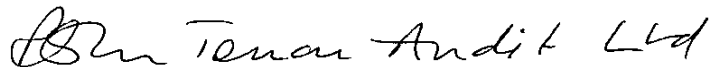
### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Caroline Martin, Senior Statutory Auditor  
for and on behalf of RSM Tenon Audit Limited

RSM Tenon Audit Limited  
Charterhouse  
Legge Street  
Birmingham  
B4 7EU

Date: 21 December 2011

**Statement of Financial Activities for the period ended 31 August 2011**

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Un- restricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
• Voluntary income	3	-	497	9,808	10,305
• Activities for generating funds	4	-	197	-	197
• Investment income		-	-	-	-
<i>Incoming resources from charitable activities:</i>					
• Funding for the Academy's educational operations	5	-	4,067	561	4,628
<b>Total incoming resources</b>		-	4,761	10,369	15,130
<b>Resources expended</b>					
<i>Cost of generating funds:</i>					
• Costs of generating voluntary income		-	-	-	-
• Fundraising trading		-	-	-	-
<i>Charitable activities:</i>					
• Academy's educational operations	7	-	4,243	148	4,391
<i>Governance costs</i>	8	-	30	-	30
<b>Total resources expended</b>	6	-	4,273	148	4,421
<b>Net incoming / (outgoing) resources before transfers</b>		-	488	10,221	10,709
<b>Gross transfers between funds</b>					-
<b>Net income/(expenditure) for the period</b>		-	488	10,221	10,709
<b>Other recognised gains and losses</b>					
Inherited defined benefit pension scheme liability		-	(969)	-	(969)
Actuarial (losses) gains on defined benefit pension schemes	25	-	(25)	-	(25)
<b>Net movement in funds</b>		-	(506)	10,221	9,715
<b>Reconciliation of funds</b>					
Funds brought forward at 1 September 2010	15	-	-	-	-
Funds carried forward at 31 August 2011		-	(506)	10,221	9,715

All of the Academy's activities derive from continuing operations during the financial period



**Statement of Total Recognised Gains and Losses for the period 17 December 2010 to 31 August 2011**

	<b>Total 2011 £000</b>
Excess of Income over Expenditure for the period	10,709
Inherited defined benefit pension scheme liability	(969)
Actuarial (Losses) on defined benefit pension schemes	(25)
	<hr/> 9,715
<b>Net Movement funds</b>	
Restricted funds	9,715
Unrestricted funds	-
	<hr/> 9,715

Income and Expenditure Account for the period 17 December 2010 to 31<sup>st</sup> August 2011

	2011 £000
<b>Income</b>	
General Annual Grant (GAG)	3,959
DfE capital grant	561
Other government grants	74
Voluntary income	10,305
Activities for generating funds	197
Other income	34
<b>Total income</b>	<hr/> 15,130 <hr/>
<b>Expenditure</b>	
Staff costs	3,125
Non pay expenditure	
• Premises	352
• Supplies and services	30
• Other	914
<b>Total expenditure</b>	<hr/> 4,421 <hr/>
<b>Excess of income over expenditure</b>	<hr/> 10,709 <hr/>

Balance Sheet as at 31 August 2011

		Company Number 7472736	
		2011	2011
		£000	£000
<b>Fixed assets</b>	Notes		
Tangible assets	12		9,602
<b>Current assets</b>			
Debtors	13	132	
Cash at bank and in hand		1,137	
		<u>1,269</u>	
<b>Creditors: Amounts falling due within one year</b>	14	162	
		<u>162</u>	
<b>Net current assets</b>			<u>1,107</u>
<b>Net assets excluding pension liability</b>			<u>10,709</u>
Pension scheme liability	25		(994)
			<u>9,715</u>
<b>Net assets including pension liability</b>			<u>9,715</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
• Fixed asset fund(s)	15		10,221
• General fund(s)	15		(506)
<b>Total restricted funds</b>			<u>9,715</u>
<b>Unrestricted funds</b>			
• General fund(s)	15		-
• Pension reserve	15		-
<b>Total unrestricted funds</b>			<u>-</u>
<b>Total funds</b>			<u>9,715</u>

The financial statements on pages 16 to 35 were approved by the Governors, and authorised for issue on 5 December 2011 and are signed on their behalf by:



Mr B Dimbleby

Chair

**Cash Flow Statement for the period ended 31 August 2011**

	<b>Notes</b>	<b>2011 £000</b>
<b>Net cash inflow from operating activities</b>	<b>19</b>	<b>518</b>
Capital expenditure	21	619
<b>(Decrease)/Increase in cash in the period</b>	<b>22</b>	<b><u>1,137</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 17 December 2010		-
<b>Net funds at 31 August 2011</b>		<b><u>1,137</u></b>

## Notes to the Financial Statements for the period Ended 31 August 2011

### 1. Statement of Accounting Policies

The standard format for the financial statements as required by the Companies Act 2006 have been adapted to provide more appropriate information which complies with the Charities SORP and reflects the activities of the Academy.

#### Basis of Preparation

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

#### Going Concern

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

#### Incoming Resources

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

- **Grants receivable**

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

- **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.

## Notes to the Financial Statements for the period Ended 31 August 2011

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies. An appropriate fair value for the buildings (donated assets) has been obtained using information provided by the Local Authority Property Section which was taken from their valuation of all properties in 2009.

### Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

### Tangible Fixed Assets

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

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

Freehold buildings	2% (50 years)
Long leasehold buildings	2% (50 years)
Fixtures, fittings and equipment	10-15% (6-10 years)
ICT equipment	33.3% (3 years)
Motor Vehicles	25% (4 years)

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

## Notes to the Financial Statements for the period Ended 31 August 2011

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.

### Leased Assets

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

### Investments

There are no investments.

### Stock

Catering stocks are valued at the lower of cost or net realisable value.

### Taxation

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

### Pensions Benefits

Retirement benefits to employees of the Academy Trust 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 Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

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

### Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the governors. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the YPLA/DofE 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 YPLA/DofE

Notes to the Financial Statements for the period Ended 31 August 2011

2. General Annual Grant (GAG)

a. Results and Carry Forward for the period

	2011
	£000
GAG brought forward from previous period	-
GAG allocation for current period	3,959
<b>Total GAG available to spend</b>	<u>3,959</u>
Recurrent expenditure from GAG	(3,959)
Fixed assets purchased from GAG	-
<b>Transfer from General Restricted Funds</b>	<u>-</u>
<b>GAG carried forward to next period</b>	<u>-</u>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	475
	<u>no breach</u>

3. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
Donations - Capital	-	-	78	78
Local Authority assets transferred on conversion to academy status	-	497	9,730	10,227
	<u>-</u>	<u>497</u>	<u>9,808</u>	<u>10,305</u>

4. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000
Hire of Facilities	-	2	2
AVPSS	-	12	12
Catering income	-	95	95
Graduate training programme	-	15	15
Sports co-ordinator	-	7	7
Technician Visits	-	11	11
Other Costs	-	55	55
	<u>-</u>	<u>197</u>	<u>197</u>



Notes to the Financial Statements for the period Ended 31 August 2011

5. Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
<b>DfE/YPLA capital grant</b>				
• Academy main building grants	-	-	561	561
	-	-	561	561
<b>DfE / YPLA revenue grants</b>				
• General Annual Grant (GAG) (note 2)	-	3,461	-	3,461
• Other DfE / YPLA grants	-	498	-	498
	-	3,959	-	4,520
<b>Other Government grants</b>				
• Special educational projects	-	74	-	74
	-	74	-	74
<b>Other income</b>				
General income	-	14	-	14
School trips	-	20	-	20
	-	34	-	34
	-	4,067	561	4,628

## Notes to the Financial Statements for the period Ended 31 August 2011

## 6. Resources Expended

	Staff Costs	Non Pay Expenditure		Total
	£000	Premises £000	Other Costs £000	2011 £000
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds Academy's educational operations	-	-	-	-
• Direct costs	2,635	-	578	3,213
• Allocated support costs	490	352	336	1,178
	<u>3,125</u>	<u>352</u>	<u>914</u>	<u>4,391</u>
Governance costs including allocated support costs	-	-	30	30
	<u>3,125</u>	<u>352</u>	<u>944</u>	<u>4,421</u>
Incoming/outgoing resources for the period include:				2011 £000
Operating leases				-
Fees payable to auditor - audit				9
- other services				-
Profit/(loss) on disposal of fixed assets				-

## 7. Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
	<b>Direct costs</b>			
Teaching and educational support staff costs	-	2,635	-	2,635
Depreciation	-	-	52	52
Educational supplies	-	252	-	252
Examination fees	-	128	-	128
Staff development	-	15	-	15
Educational consultancy	-	123	-	123
Other direct costs	-	8	-	8
	-	<u>3,161</u>	<u>52</u>	<u>3,213</u>
<b>Allocated support costs</b>				
Support staff costs	-	490	-	490
Depreciation	-	-	96	96
Recruitment and support	-	-	-	-
Maintenance of premises and equipment	-	101	-	101
Cleaning	-	71	-	71
Rent & rates	-	16	-	16
Heat & light	-	68	-	68
Insurance	-	44	-	44
Security and transport	-	15	-	15
Catering	-	97	-	97
Other support costs	-	180	-	180
	-	<u>1,082</u>	<u>96</u>	<u>1,178</u>
	-	<u>4,243</u>	<u>148</u>	<u>4,391</u>

Notes to the Financial Statements for the period Ended 31 August 2011

**8. Governance costs**

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
Legal and professional fees	-	14	-	14
Auditor's remuneration	-	-	-	-
• Audit of financial statements	-	8	-	8
Responsible officer audit	-	8	-	8
Support costs	-	-	-	-
Governors' reimbursed expenses	-	-	-	-
	-	30	-	30

**9. Staff costs**

	2011 £000
Staff costs during the period were:	
Wages and salaries	2,676
Social security costs	189
Pension costs	349
	<u>3,214</u>
Supply teacher costs	18
Compensation payments	-
	<u>3,232</u>

Included in the above are the employment costs relating to catering and cleaning staff that are allocated to cleaning and canteen expenses within the SOFA.

	2011 £000
Canteen employment costs	46
Cleaning Employment costs	62
	<u>108</u>

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

	2011 No.
Charitable Activities	-
Teachers	88
Administration and support	70
Management	7
	<u>165</u>

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

	2011 No.
£80,001 - £90,000	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contributions (Employers) for this member of staff amounted to £7,330

Notes to the Financial Statements for the period Ended 31 August 2011

**10. Governors' remuneration and expenses**

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 the Headteacher's remuneration was £88,500pa in 2011. The value of staff governor's remuneration was £67,483.

During the period ended 31 August 2011, travel and subsistence expenses totalling £189 was reimbursed to one Governor.

Related party transactions involving the trustees are set out in note 26

**11. 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 sum insured for Professional indemnity and Governors liability is £5,000,000. The cost of this insurance is included in the total insurance cost.

**12. Tangible Fixed Assets**

	Leasehold Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>					
Assets Transferred upon conversion	9,603	25	100	2	9,730
Additions	-	17	3	-	20
Disposals	-	-	-	-	-
At 31 August 2011	9,603	42	103	2	9,750
<b>Depreciation</b>					
At 17 December 2010	-	-	-	-	-
Charged in period	96	13	37	2	148
Disposals	-	-	-	-	-
At 31 August 2011	96	13	37	2	148
<b>Net book values</b>					
At 31 August 2011	9,507	29	66	-	9,602

**13. Debtors**

	<b>2011</b>
	<b>£000</b>
Prepayments	43
Other debtors	89
	<u>132</u>

## Notes to the Financial Statements for the period Ended 31 August 2011

## 14. Creditors: amounts falling due within one period

	2011
	£000
Accruals and deferred income	109
School Trips fund account	53
	<u>162</u>
	2011
	£000
Deferred income	
Deferred Income at 17 December 2010	-
Resources deferred in the period	16
Amounts released from previous periods	-
	<u>16</u>

Deferred income held at 31 August 2011 relates to a Devolved Formula Capital Grant received from the YPLA of £27,574 that covers the period 1 April 2011 to 31 March 2012.

## 15. Funds

	Balance at 17 December 2010 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2011 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	3,959	(3,959)	-	-
Grants from Local Authority	-	498	(10)	-	488
Other restricted income/exp	-	304	(304)	-	-
Pensions reserve	-	-	-	(994)	(994)
	-	<u>4,761</u>	<u>(4,273)</u>	<u>(994)</u>	<u>(506)</u>
<b>Restricted fixed asset funds</b>					
DfE/YPLA capital grants	-	561	(52)	-	509
Capital expenditure from GAG	-	-	-	-	-
Sponsorship and capital donations	-	9,808	(96)	-	9,712
	-	<u>10,369</u>	<u>(148)</u>	-	<u>10,221</u>
<b>Total restricted funds</b>	-	<b>15,130</b>	<b>(4,421)</b>	<b>(994)</b>	<b>9,715</b>
<b>Unrestricted funds</b>					
Unrestricted funds	-	-	-	-	-
<b>Total unrestricted funds</b>	-	-	-	-	-
<b>Total funds</b>	-	<b>15,130</b>	<b>(4,421)</b>	<b>(994)</b>	<b>9,715</b>

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

The General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount up to 2% can be used for general purposes.

Notes to the Financial Statements for the period Ended 31 August 2011

**16. Analysis of net assets between funds**

Fund balances at 31 August 2011 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	9,602	9,602
Current assets	-	650	619	1,269
Current liabilities	-	(162)	-	(162)
Pension scheme liability	-	(994)	-	(994)
<b>Total net assets</b>	-	(506)	10,221	9,715

**17. Capital commitments**

	2011 £000
Contracted for, but not provided in the financial statements	-

**18. Financial commitments**

**Operating leases**

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows:

	2011 £000
<u>buildings</u>	
Expiring within one period	-
Expiring within two and five periods inclusive	-
Expiring in over five periods	-
	<hr style="border-top: 1px solid black;"/>
	-
<u>Other</u>	
Expiring within one period	1
Expiring within two and five periods inclusive	16
Expiring in over five periods	-
	<hr style="border-top: 1px solid black;"/>
	17

Notes to the Financial Statements for the period Ended 31 August 2011

**19. Reconciliation of net income to net cash inflow from operating activities**

	2011 £000
Net income	10,709
Depreciation (note 13)	148
Capital grants from DfE and other capital income	(10,369)
(Increase)/decrease in debtors	(132)
Increase/(decrease) in creditors	162
<b>Net cash inflow from operating activities</b>	<u>518</u>

**20. Returns on investments and servicing of finance**

FRS 17 pension finance income (note 25)	-
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>-</u>

**21. Capital expenditure and financial investment**

Purchase of tangible fixed assets	(20)
Capital grants from DfE/YPLA	639
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>619</u>

**22. Analysis of changes in net funds**

	At 1 December 2010 £000	Cash flows £000	At 31 August 2011 £000
Cash in hand and at bank	-	1,137	1,137
	-	1,137	1,137

**23. Contingent Liabilities**

There are no contingent liabilities as at 31 August 2011.

**24. 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.

## Notes to the Financial Statements for the period Ended 31 August 2011

### 25. Pension and similar obligations

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

#### Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 17 December 2010 to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multiemployer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.



Notes to the Financial Statements for the period Ended 31 August 2011

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 7 month period ended 31 August 2011 was £116,607, of which employer's contributions totalled £85,136 and employees' contributions totalled £31,471. The agreed contribution rates for future years are 17.6% for employers and between 5.5 and 7.5% for employees.

	At 31 August 2011
Rate of increase in salaries	4.7%
Rate of increase for pensions in payment / inflation	2.7%
Discount rate for scheme liabilities	5.3%
Inflation assumption (CPI)	2.7%
Commutation of pensions to lump sums	50%

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 2011
<i>Retiring today</i>	
Males	22.0
Females	23.7
<i>Retiring in 20 years</i>	
Males	22.9
Females	26.0

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

	Expected return at 31 August 2011	Fair value at 31 August 2011 £000
Equities	7.0%	646
Government Bonds	3.7%	44
Other Bonds	4.8%	130
Property	6.0%	95
Cash/liquidity	0.5%	7
Other	7.5%	48
<b>Total market value of assets</b>		<b>970</b>
Present value of scheme liabilities - Funded		(1,964)
<b>Surplus/(deficit) in the scheme</b>		<b>(994)</b>

The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme is based on market expectations at the beginning of the period. This assumption is used to determine the expected return on assets for the pension expense.

The actual return on scheme assets was (£23,000).

**Notes to the Financial Statements for the period Ended 31 August 2011**

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

	2011 £000
Current service cost (net of employee contributions)	90
Past service cost	-
	<u>90</u>
Total operating charge	<u>90</u>

**Analysis of pension finance income / (costs)**

Expected return on pension scheme assets	35
Interest on pension liabilities	(60)
Pension finance income / (costs)	<u>(25)</u>

The actuarial gains and losses for the current period 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 £25,000 loss.

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

	2011 £000
Current service cost	90
Interest cost	60
Employee contributions	31
Actuarial (gain)/loss	(46)
Benefits paid	11
Business combinations	1,818
	<u>1,964</u>
Benefits & obligation at 31 August 2011	<u>1,964</u>

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

	2011 £000
Expected return on assets	35
Actuarial gain/(loss)	(58)
Employer contributions	85
Employee contributions	31
Benefits paid	11
Business combinations	866
	<u>970</u>
At 31 August 2011	<u>970</u>

The estimated value of employer contributions for the period ended 31 August 2012 is £159,000.

Notes to the Financial Statements for the period Ended 31 August 2011

The five-year history of experience adjustments is as follows:

	2011 £000
Present value of defined benefit obligations	(1,964)
Fair value of share of scheme assets	970
Deficit in the scheme	<u>(994)</u>
Experience adjustments on share of scheme assets Amount £'000*	(58)
Experience adjustments on scheme liabilities: Amount £'000*	-

**26. Related Party Transactions**

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

**27. Amounts disbursed as agent**

	2011 £000
Agency bank account balances at conversion to Academy	104
Receipt collected in the period	123
Funds expended in the period	(174)
Balance unspent as at 31 August, included in bank accounts	53

The Academy receives monies from parents in respect of trips and other activities. No surplus is made on these activities and the Academy acts as an agent, holding cash balances and paying the costs of trips on the behalf of parents of the Academy's pupils.

The cash balances of (£53,000) have been included within the Balance Sheet of the Academy with a corresponding creditor being included in respect of associated liabilities.