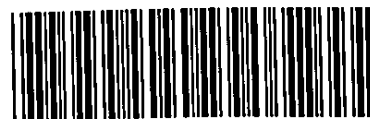


Registered Company number. 5735093  
Registered Charity number: 1113900

**THE EXCELSIOR ACADEMY NEWCASTLE**  
(a company limited by guarantee)  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2010**

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**THE EXCELSIOR ACADEMY NEWCASTLE**

**FINANCIAL STATEMENTS**

**Year ended 31 August 2010**

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**THE EXCELSIOR ACADEMY NEWCASTLE**

**COMPANY INFORMATION**

**Year ended 31 August 2010**

<b>Board of Trustees (Academy Trust Board)</b>	<b>Date of appointment</b>	<b>Position</b>
Lord Laidlaw of Rothiemay	9 March 2006	Member
Mr P C Fair	9 March 2006	Chair
Mrs P Marshall	1 April 2007	Member

The Excelsior Academy Newcastle is a company limited by guarantee (Company registration number 5735093) and is a registered charity (number 1113900)

**Board of Governors**

Lord Laidlaw of Rothiemay  
Mr P C Fair  
Mrs P Marshall  
Mr D Llewellyn  
Mr C Jobe  
Prof N Harris  
Mr B Jones  
Mrs S Irving  
Mr M Strudwick (appointed 1 September 2009)  
Mr A Hunter  
Mr M Sehgal  
Inspector S Hails

**Directors**

Lord Laidlaw of Rothiemay  
Mr P C Fair  
Mrs P Marshall

**Company Secretary**

Ever Secretary Limited

**Principal and Registered Office:**

Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

**Principal Office of Charity:**

Excelsior Academy Offices  
Denton Road  
Newcastle upon Tyne  
NE15 6AF

**Auditors:**

Baker Tilly UK Audit LLP  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

**Bankers:**

Barclays Bank plc  
446 Westgate Road  
Newcastle upon Tyne  
NE4 9BN

**Solicitors:**

Eversheds LLP  
70 Great Bridgewater Street  
Manchester  
M1 5ES

## **THE EXCELSIOR ACADEMY NEWCASTLE**

### **GOVERNORS' REPORT**

**Year ended 31 August 2010**

The Governors present their report together with the financial statements of the charitable company for the year ended 31 August 2010

The financial statements have been prepared in accordance with the accounting policies 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 ('SORP 2005')

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

##### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no 05735093) and a registered charity (registration no 1113900) The charitable company's memorandum and articles of association are the primary governing documents of the Academy Members of the charitable company are nominated by Lord Laidlaw of Rothiemay, the main sponsor of the Academy The articles of association require the members of the charitable company to appoint at least four Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy

##### **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 £1, for the debts and liabilities contracted before he/she ceases to be a member

##### **Governors**

Three of the Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation

Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire Governors retire after four years in office

The Governors who were in office at 31 August 2010 and served throughout the year, except where shown are listed on page 3

During the year under review the Governors held 4 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 students 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

## **THE EXCELSIOR ACADEMY NEWCASTLE**

### **GOVERNORS' REPORT (continued)**

**Year ended 31 August 2010**

#### **Statement of Governors' responsibilities**

The governors are responsible for preparing the Governors' Annual Report and the financial statements in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, the governors are required to

- a select suitable accounting policies and then apply them consistently,
- b observe the methods and principles in the Charities Statement of Recommended Practice (SORP),
- c make judgements and estimates that are reasonable and prudent,
- d state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- e 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.

#### **Organisational Structure**

The Academy opened in September 2008 with a structure of four 11-16 schools and a sixth form (Excelsior College). The structure consists of three levels: the Governors, the Senior Leadership Group and the Senior Team of each of the four 11-16 schools. 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, capital expenditure and senior staff appointments.

The Senior Leadership Group consists of the Executive Principal, four School Principals, the Director of Excelsior College and the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Senior Leadership Group is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain at least one Governor. Some spending control is devolved to members of the Management Team.

The School Team of each school includes the School Principal, the Standards Manager and the Welfare Manager. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

## THE EXCELSIOR ACADEMY NEWCASTLE

### GOVERNORS' REPORT (continued)

Year ended 31 August 2010

#### Risk management

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, health and safety, bullying and school 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 (see below) 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.

#### Statement on the system of internal finance control

As Governors, we acknowledge we have overall responsibility for ensuring that Excelsior Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- the Academy is operating efficiently and effectively,
- its assets are safeguarded against unauthorised use or disposition,
- the proper records are maintained and financial information used within the Academy or for publication is reliable,
- the Academy complies with relevant laws and regulations.

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 set policies on internal controls which cover the following

- the type of risks the Academy faces,
- the level of risks which they regard as acceptable,
- the likelihood of the risks materialising,  
the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
- the costs of operating particular controls relative to the benefits obtained,
- clarified the responsibility of the Management Team to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the Governors together with details of corrective action being undertaken.

## THE EXCELSIOR ACADEMY NEWCASTLE

### GOVERNORS' REPORT (continued)

Year ended 31 August 2010

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 D Llewellyn, a governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

#### OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

##### Objects, aims and objectives

The principal object and activity of the charitable company is the operation of the Excelsior Academy to advance for the public benefit education for pupils of different abilities between the ages of 11 and 18 with an emphasis on the Academy's specialism - Business Enterprise. To support that each school leads for the Academy on other specialisms which are Creative and Performing Arts, Business and Economics, Health Related Studies and Environment, Technology and Design.

We have referred to the Charity Commission's guidance on public benefit when reviewing our aims and objectives, and in planning our future activities. In particular the governors consider how planned activities will contribute to the aims and objectives they have set.

The aims and objectives of the Academy are set out in the Academy's Development Plan 2008-11.

The main objectives of the Academy during the year ended 31 August 2010 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 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 maintain close links with industry and commerce, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

##### Strategies and activities

The Academy's main strategy is encompassed in its mission - "Excelsior Academy prepares students to value and respect themselves and others as citizens who will make a positive contribution to the development of tomorrow's world. We are committed to providing learning opportunities for all students through high quality teaching and a wide curriculum. We offer courses and qualifications to meet the diverse interests and skills of our young people as well as a wide range of extra-curricular activities including residential opportunities."

To this end the activities provided include

- tuition and learning opportunities for all students to attain appropriate academic qualifications,
- training opportunities for all staff
- secondments and placing of students with industrial and commercial partners,
- a programme of sporting and after school leisure activities for all students,
- a programme of after school clubs
- a careers advisory service to help students obtain employment or move on to higher education.

## **THE EXCELSIOR ACADEMY NEWCASTLE**

### **GOVERNORS' REPORT (continued)**

**Year ended 31 August 2010**

#### **Equal opportunities policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy is committed to equal opportunity 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 students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

#### **ACHIEVEMENTS AND PERFORMANCE**

The Academy is now in its third year of operation and there is clear evidence that the organisation, ethos and leadership of the Academy is having an effect on attainment, behaviour and attendance. Results in year 2 were the highest ever achieved in the local community. The percentage of pupils achieving 5 A\*-C grades at GCSE including English and Mathematics rose from 12% in 2009 to 25% in 2010. There is also clear evidence that more students are choosing to stay on into 6<sup>th</sup> form with 151 students now in years 12 and 13 compared with around 50 in 2008.

The results of 2009/10 are a clear indicator of the rate of progress but it will be in the years to come when the Academy has seen a cohort through from year 7 to leaving school that will be the real test of success. To ensure that standards are continually raised the Academy operates a programme of observation of lessons, is visited by inspectors, undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The Academy also participates in national programmes looking at added value through the key stages.

#### **FINANCIAL REVIEW**

##### **Financial report for the year**

Most of the Academy's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2010 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Academy also receives grants for fixed assets from the DfE. 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 2010, total expenditure of £11,228,570 was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £782,934.

At 31 August 2010 the net book value of fixed assets was £33,326,467 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

As at 31 August 2010 the FRS17 pension deficit amounted to £1,240,900.



**THE EXCELSIOR ACADEMY NEWCASTLE**

**GOVERNORS' REPORT (continued)**

**Year ended 31 August 2010**

**Reserves policy and financial position**

**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 two month's expenditure. 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. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £(169,862) which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

**Financial position**

The Academy held fund balances at 31 August 2010 of £32,802,226

**Investment policy**

The Business Manager liaises closely with Barclays Bank to ensure the best available rate of return on no risk investments.

**PLANS FOR FUTURE PERIODS**

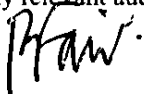
The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students improve attendance and get jobs or a place in higher education once they leave.

The Academy aims to be at the centre of the regeneration of the area in the years to come and will work closely with the City Council and other partner organisations to achieve this.

**AUDITORS**

Following a best value exercise undertaken during the summer of 2010 Baker Tilly UK Audit LLP has been appointed as external auditor for Excelsior Academy for a further three years.

The Governors confirm that so far as they are aware there is no relevant audit information of which Excelsior's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that Excelsior's auditors are aware of that information.



**Peter Fair  
Chairman**

24/1/11

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF  
THE EXCELSIOR ACADEMY NEWCASTLE**

We have audited the financial statements of the Excelsior Academy Newcastle for the year ended 31 August 2010 on pages 12 to 31

This report is made solely to the charitable company's members, as a body, in accordance 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 responsibilities of the governors (who act as trustees for charitable activities of the Excelsior Academy Newcastle and are also the directors for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Governors' Annual Report is consistent with those financial statements. We also report to you whether in our opinion grants made by the Department for Education have been applied for the purposes intended.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with accounting records and returns, if we have not received all the information and explanations we require for our audit, or if disclosures of governors' remuneration, specified by law are not made.

We read the Governors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF  
THE EXCELSIOR ACADEMY NEWCASTLE**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

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 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year 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 Companies Act 2006,
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education in respect of the relevant financial year,
- Grants made by the Department for Education have been applied for the purposes intended, and
- the information given in the Governors' Annual Report is consistent with the financial statements

*Baker Tilly UK Audit LLP*

CLAIRE LEECE (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

*27/1/11*

**THE EXCELSIOR ACADEMY NEWCASTLE  
STATEMENT OF FINANCIAL ACTIVITIES**

for the year ended 31 August 2010

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
- Voluntary income	4	25,017	115,000	-	140,017	215,093
- Activities for generating funds	5	127,133	-	-	127,133	100,584
Investment income	6	1,120	-	-	1,120	2,710
Incoming resources from charitable activities						
- Funding of the Academy educational operations	2	-	9,670,246	327,863	9,998,109	11,859,218
<b>Total incoming resources</b>		<u>153,270</u>	<u>9,785,246</u>	<u>327,863</u>	<u>10,266,379</u>	<u>12,177,605</u>
<b>Resources expended</b>						
Costs of Generating Funds						
- Costs of generating voluntary income	8	108,978	-	-	108,978	100,584
Charitable activities						
- Academy's educational operations	9	-	9,267,543	2,072,988	11,340,531	11,886,064
- Past service credit	9	-	(290,000)	-	(290,000)	-
Costs of transfer of scheme assets and liabilities	15	-	-	-	-	570,000
Governance costs	10	69,061	-	-	69,061	137,559
<b>Total resources expended</b>		<u>178,039</u>	<u>8,977,543</u>	<u>2,072,988</u>	<u>11,228,570</u>	<u>12,694,207</u>
<b>Net incoming/ (outgoing) before other recognised gains and losses and transfers</b>						
Transfer between funds	16	(24,769)	807,703	(1,745,125)	(962,191)	(516,602)
Actuarial losses on defined benefit pension schemes	15	-	(50,000)	-	(50,000)	(630,000)
<b>Reconciliation of funds</b>		<u>(24,769)</u>	<u>757,703</u>	<u>(1,745,125)</u>	<u>(1,012,191)</u>	<u>(1,146,602)</u>
<b>Total fund balances brought forward at 1 September 2009</b>		<u>(145,093)</u>	<u>(667,635)</u>	<u>34,627,145</u>	<u>33,814,417</u>	<u>34,961,019</u>
<b>Total fund balances carried forward at 31 August 2010</b>		<u>(169,862)</u>	<u>90,068</u>	<u>32,882,020</u>	<u>32,802,226</u>	<u>33,814,417</u>

All of the Academy's activities are derived from continuing activities

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 August 2010**

	2010 £	2009 £
<b>Income</b>		
GAG	8,317,895	9,459,281
Standards funds grant	953,973	-
DCSF/DfE & other government grants	726,241	2,399,937
Private sector sponsorship	115,000	108,994
Other income	153,270	209,393
<b>Total income</b>	<u>10,266,379</u>	<u>12,177,605</u>
<b>Expenditure</b>		
GAG related expenditure	8,376,843	9,244,994
Past service credit	(290,000)	-
Other DCFS & grant expenditure	790,700	602,699
Depreciation	2,072,988	2,008,371
Other expenditure	178,039	238,143
FRS17 (income)/expenditure	100,000	600,000
<b>Total expenditure</b>	<u>11,228,570</u>	<u>12,694,207</u>
<b>Excess of expenditure over income</b>	<u>(962,191)</u>	<u>(516,602)</u>
<b>Statement of total recognised gains &amp; losses</b>		
Excess of expenditure over income	(962,191)	(516,602)
Actuarial losses on defined benefit scheme	(50,000)	(630,000)
<b>Total recognised gains and losses for the year</b>	<u>(1,012,191)</u>	<u>(1,146,602)</u>
<b>Net transfer to funds</b>		
Unrestricted fund	(24,769)	(91,713)
Restricted general fund	617,703	641,136
Restricted fixed asset fund	(1,745,125)	(466,026)
Restricted pension fund	140,000	(1,230,000)
	<u>(1,012,191)</u>	<u>(1,146,602)</u>

**THE EXCELSIOR ACADEMY NEWCASTLE (Company Number: 5735093)**

**BALANCE SHEET  
at 31 August 2010**

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	12	33,326,467	34,914,254
<b>Current assets</b>			
Debtors	13	288,697	144,521
Cash at bank and in hand		1,039,096	712,328
		<u>1,327,793</u>	<u>856,849</u>
Creditors amounts falling due within one year	14	(611,134)	(575,786)
<b>Net current assets</b>		<u>716,659</u>	<u>281,063</u>
<b>Total assets less current liabilities</b> (excluding pension liability)		34,043,126	35,195,317
<b>Pension scheme liability</b>	15	(1,240,900)	(1,380,900)
<b>Net assets</b>		<u>32,802,226</u>	<u>33,814,417</u>
<b>Total funds of charity</b>			
<b>Restricted fund</b>			
Restricted Fixed Asset fund	16	32,882,020	34,627,145
Restricted General fund	16	1,330,968	713,265
Pension fund	15	(1,240,900)	(1,380,900)
	16	<u>32,972,088</u>	<u>33,959,510</u>
<b>General fund</b>			
Unrestricted fund	17	(169,862)	(145,093)
<b>Total charity funds</b>	17	<u>32,802,226</u>	<u>33,814,417</u>

The financial statements on pages 12 to 31 were approved by the Trustees and authorised for issue on 24/1/11 and signed on its behalf by

*PFAIR*  
 \_\_\_\_\_  
 Trustee **PETER FAIR**

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**CASHFLOW STATEMENT**  
**for the year ended 31 August 2010**

	Note	2010	2009
		£	£
<b>Operating activities</b>			
Receipts	Recurrent grant from DCSF / DfE		
	GAG	8,317,895	9,459,281
	Other Grants	1,420,900	963,663
	Other receipts	134,657	206,683
	Private Sponsorship	28,001	25,000
Payments	Staff costs	(7,252,018)	(6,973,885)
	Other costs	(2,125,019)	(3,083,948)
<b>Net cash inflow from operating activities</b>	24	524,405	596,794
<b>Returns on investments and servicing of finance</b>			
Interest received		1,120	2,710
Interest paid		(719)	(406)
		401	2,304
<b>Capital (expenditure)/income</b>			
Capital grants from DCSF / DfE		261,696	1,458,351
Purchase of tangible fixed assets		(459,734)	(1,621,721)
Capital funding received from sponsors		-	83,994
		(198,038)	(79,376)
<b>Net increase in cash</b>		326,768	519,722
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		326,768	519,722
Change in net funds		326,768	519,722
Net funds at 1 September 2009		712,328	192,606
Net funds at 31 August 2010		1,039,096	712,328
	<b>At 1</b>		<b>At 31</b>
	<b>September</b>	<b>Cash</b>	<b>August</b>
	<b>2009</b>	<b>Flows</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	712,328	326,768	1,039,096

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2010**

**1 ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the year are

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities ('Charities SORP 2005'), the Academies Financial Handbook and the Companies Act 2006.

**Going Concern**

After reviewing financial and other information available, the governors consider 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.

**Fund accounting**

Unrestricted funds represent those resources which may be used towards meeting any of the objects of the Academy Trust at the discretion of the governors.

Restricted funds comprise grants from the DCSF / DfE and other donors which are to be used for specific purposes.

**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 matched to relevant expenditure during the year is shown in the restricted income fund on the balance sheet.

**Sponsorship**

The value of sponsorship provided to the Academy is recognised in the statement of financial activities in the year in which it is receivable.

**Donations**

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable by the balance sheet date.

**Interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

**Resources expended**

Resources expended are recognised in the year in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

**Allocation of costs**

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy Trust's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Charitable activities expenditure includes both the costs that can be allocated directly to the Academy's educational operations and those costs out of an indirect nature necessary to support them.

**Governance costs**

Governance costs include the costs attributable to the Academy's compliance with statutory requirements, including audit, strategic management and governance meetings.



**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2010

**1 ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates -

Freehold property	2% p a
Furniture, fittings and equipment	25% p a
Computer equipment	25% p a

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are 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). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

**Impairment**

A review for the impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

**Recognition of a Liability**

Liabilities are recognised within creditors in the balance sheet when there is an obligation at the year-end for the Academy to transfer benefits.

**Deferred Income**

Deferred income is included as a creditor within the balance sheet and relates to restricted funding received in advance but where the related expenditure can only take place in a future accounting period.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

**Taxation**

The company is a registered charity and as such is exempt from Income and Corporation taxes under the provision of the Income and Corporation Taxes Act 1988. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

**Pensions**

**Teachers' Pension Scheme**

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families. As the Academy is unable to identify its shares of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS 17) and has accounted for its contributions to the Scheme as if it was a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

**Local Government Scheme**

Non-teaching members of staff form part of the LGPS, whose assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2010

<b>2</b>	<b>FUNDING OF THE ACADEMIES EDUCATIONAL OPERATIONS</b>	<b>2010</b> £	<b>2009</b> £
	<b>DCSF/ DfE grants</b>		
	DCSF / DfE Capital grants	327,863	1,458,351
	DCSF / DfE Recurrent grant (GAG)	8,317,895	9,459,281
	DCSF / DfE National Challenge Support Grant	103,000	-
	DCSF / DfE Standards Funds Grant	953,973	-
		9,702,731	10,917,632
	<b>Other Grants</b>		
	Special Education Needs	61,542	162,114
	Devolved Formula Capital Grant	124,991	170,611
	Standard Funds Grant	99,491	533,831
	Other Grant income	9,354	75,030
		295,378	941,586
		9,998,109	11,859,218
<b>3</b>	<b>GENERAL ANNUAL GRANT (GAG)</b>	<b>2010</b> £	<b>2009</b> £
	<b>Results and Carry Forward for the year</b>		
	GAG brought forward from previous year	286,415	72,128
	GAG allocation for the current year	8,317,895	9,459,281
	<b>Total GAG available to spend</b>	<b>8,604,310</b>	<b>9,531,409</b>
	Recurrent expenditure from GAG	8,376,843	9,244,994
	<b>GAG carried forward to next year</b>	227,467	286,415
	Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(998,147)	(1,135,114)
	<b>GAG to surrender to DCSF / DfE</b> (12% breached if result is positive)	-	-

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2010

**4 VOLUNTARY INCOME**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Private sponsorship	115,000	108,994
Other income	25,017	106,099
	<u>140,017</u>	<u>215,093</u>

**5 ACTIVITIES FOR GENERATING FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Meal charges	108,978	96,023
Letting income	18,155	4,561
	<u>127,133</u>	<u>100,584</u>

**6 INVESTMENT INCOME**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Bank interest	1,120	2,710
	<u>1,120</u>	<u>2,710</u>

**7 RESOURCES EXPENDED**

	Staff Costs £	Depreciation £	Operating Lease Costs – Motor Vehicles	Other £	Total 2010 £	Total 2009 £
Costs of generating voluntary income	-	-	-	108,978	108,978	100,584
Academy's Educational Operations						
Direct	4,977,523	2,072,988	-	757,192	7,807,703	7,771,023
Allocated support	2,084,495	-	8,390	1,149,943	3,242,828	4,115,041
Governance including allocated support	-	-	-	69,061	69,061	137,559
	<u>7,062,018</u>	<u>2,072,988</u>	<u>8,390</u>	<u>2,085,174</u>	<u>11,228,570</u>	<u>12,124,207</u>

**8 COST OF GENERATING FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Catering expenses	108,978	100,584
	<u>108,978</u>	<u>100,584</u>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2010

**9 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Direct costs</b>		
Teaching and education support staff costs (including past service credit of £290,000)	4,977,523	4,996,287
Depreciation	2,072,988	2,008,371
Books, apparatus & stationery	138,252	283,300
Examination fees	202,641	146,722
Staff development	65,342	65,253
Education consultancy	44,963	44,333
Alternative education	285,438	161,610
Other direct costs	20,556	65,147
	<u>7,807,703</u>	<u>7,771,023</u>
<b>Total direct costs</b>		
<b>Allocated support costs</b>		
<b>Personnel Costs</b>		
Support staff costs	2,084,495	2,034,264
	<u>2,084,495</u>	<u>2,034,264</u>
<b>Establishment Expenses</b>		
Maintenance of premises & equipment	96,765	99,016
Rent & rates	55,901	105,518
Heat & light	96,474	285,832
Insurance	110,249	102,694
Security	150,188	157,233
	<u>509,577</u>	<u>750,293</u>
<b>General Expenses</b>		
Cleaning	39,389	31,552
Transport	35,254	32,166
Catering	113,298	135,894
Technology costs	154,331	154,607
Bank interest & charges (incl FRS 17)	60,719	40,406
Other support costs	245,765	250,715
Implementation costs	-	685,144
	<u>648,756</u>	<u>1,330,484</u>
<b>Total allocated support costs</b>	<u>3,242,828</u>	<u>4,115,041</u>
<b>Total costs</b>	<u>11,050,531</u>	<u>11,886,064</u>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10 GOVERNANCE COSTS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Audit fees	11,789	8,500
Accountancy fees	8,771	9,393
Legal and professional	46,616	119,654
Governors expenses	1,885	12
	<b>69,061</b>	<b>137,559</b>
	<b>69,061</b>	<b>137,559</b>

**11 STAFF COSTS**

The Governors did not receive any payment from the Academy other than the reimbursement of expenses incurred in the course of their duties

During the year ended 31 August 2010, travel and subsistence expenses totalling £1,885 (2009 £12) were reimbursed to Governors

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2010 expressed as full time equivalents was as follows

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable Activities</b>		
Teachers	105	95
Administration and support	87	88
Management	7	7
	<b>199</b>	<b>190</b>
	<b>199</b>	<b>190</b>

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Staff costs comprise</b>		
Wages and salaries	5,956,826	5,573,892
Social security costs	467,491	428,674
Other pension costs	785,529	726,418
Contracted out staffing costs	102,172	311,567
Past service credit	(290,000)	-
FRS17 Costs excluding past service credit (note 15)	40,000	(10,000)
	<b>7,062,018</b>	<b>7,030,551</b>
	<b>7,062,018</b>	<b>7,030,551</b>

Seven employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2010. The total emoluments of these employees were in the following ranges

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	3	5
£130,000 - £140,000	3	-
£140,000 - £150,000	1	1
	<b>7</b>	<b>6</b>
	<b>7</b>	<b>6</b>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
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**11 STAFF COSTS (continued)**

Six of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2010, pension contributions for these staff amounted to £63,228 (2009 £54,193)

**Governors' and Officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2010 was £5,406 (2009 £5,406)

**12 TANGIBLE FIXED ASSETS**

	<b>Land &amp; Buildings £</b>	<b>Equipment, fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 September 2009	31,310,084	5,612,541	36,922,625
Additions	337,615	147,586	485,201
At 31 August 2010	<u>31,647,699</u>	<u>5,760,127</u>	<u>37,407,826</u>
<b>Depreciation</b>			
At 1 September 2009	626,202	1,382,169	2,008,371
Charge in year	632,956	1,440,032	2,072,988
At 31 August 2010	<u>1,259,158</u>	<u>2,822,201</u>	<u>4,081,359</u>
<b>Net book value</b>			
At 31 August 2010	<u>30,388,541</u>	<u>2,937,926</u>	<u>33,326,467</u>
At 31 August 2009	<u>30,683,882</u>	<u>4,230,372</u>	<u>34,914,254</u>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**12 TANGIBLE FIXED ASSETS (continued)**

	<b>At 31 August 2010</b>	<b>At 31 August 2009</b>
	<b>£</b>	<b>£</b>
<b>Source of funding for assets acquired</b>		
Private sponsorship	2,346,856	2,346,856
DCSF / DfE capital grant	34,616,523	34,288,660
Other DCSF / DfE grants	29,459	29,459
Other funds (non grant income)	414,988	257,650
	<hr/>	<hr/>
Cost of fixed assets at 31 August 2010	37,407,826	36,922,625
	<hr/>	<hr/>
Less accumulated depreciation	(4,081,359)	(2,008,371)
	<hr/>	<hr/>
Net book value of fixed assets at 31 August 2010	33,326,467	34,914,254
	<hr/> <hr/>	<hr/> <hr/>

**13 DEBTORS**

	<b>At 31 August 2010</b>	<b>At 31 August 2009</b>
	<b>£</b>	<b>£</b>
Trade debtors	8,695	8,669
Prepayments	48,740	76,933
Sundry debtors	108,347	-
Capital debtors	122,915	58,919
	<hr/>	<hr/>
	288,697	144,521
	<hr/> <hr/>	<hr/> <hr/>

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>At 31 August 2010</b>	<b>At 31 August 2009</b>
	<b>£</b>	<b>£</b>
Trade creditors	304,941	395,002
Accruals and deferred income	306,193	180,784
	<hr/>	<hr/>
	611,134	575,786
	<hr/> <hr/>	<hr/> <hr/>
	<hr/>	<hr/>
<b>Accruals and deferred income comprises:</b>	<b>£</b>	<b>£</b>
Deferred income at 1 September 2009	69,140	-
Amount released from previous year	(54,736)	-
Incoming resources deferred in the year	147,841	69,140
	<hr/>	<hr/>
Deferred income at 31 August 2010	162,245	69,140
	<hr/>	<hr/>
Accruals	143,948	111,644
	<hr/>	<hr/>
Total accruals and deferred income	306,193	180,784
	<hr/> <hr/>	<hr/> <hr/>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2010

**15 PENSIONS AND SIMILAR OBLIGATIONS**

The Academy's employees belong to two principal pension schemes, the Teachers' Pensions Scheme England and Wales (TPS), and the Local Government Pension Scheme (LGPS) which was managed by South Tyneside Council. Both are defined-benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2010 was £785,529 of which £579,703 relates to the TPS and £205,826 relates to the LGPS.

**Teachers Pension Scheme (TPS)**

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, the TPS scheme is classed as a multi-employer pension scheme. The Academy is unable to identify its share of the underlying (notional) 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 below the latest information available for the scheme.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, final salary scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education. Teachers are able to opt out of the TPS.

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

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

Not less than every five years, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions. The latest actuarial review carried out as at 31 March 2004 showed the value of the scheme assets was less than the value of the scheme liabilities. The scheme assets consist of the notional investments and the future contributions in respect of existing members. Thus, the balance in the Account as at 31 March 2004 is determined as the difference between the value of the scheme liabilities and the value of future contributions.

The Teachers Pensions Regulations were amended to implement significant changes to the benefit structure of the Teachers Pension Scheme with effect from 1 January 2007, both for new members and existing members. The new TPS regulations also allow existing members and new entrants retiring after 1 January 2007 to take advantage of the new pensions tax regime introduced from 6 April 2006. Both changes have consequential implications for actuarial reviews (including the current review, as at 31 March 2004).

Contributions are assessed in two parts. First, a normal contribution is determined. This is the contribution, expressed as a percentage of the salary of the teacher newly entering service, which would defray the cost of benefits payable in respect of that service.

Secondly, a supplementary contribution is payable by employers if, as a result of the actuarial investigation, it is found that the accumulated liabilities of the Account for benefits to past and present teachers are not fully covered by normal contributions to be paid in future and by the fund build up from past contributions. As the 2004 valuation revealed a deficiency a supplementary contribution is payable from 1 January 2007.



**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2010

**15 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

The last valuation of the TPS was for the period 1 April 2001 to 31 March 2004. The GA's report of November 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) was less than the value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date). The amount of the deficiency determined under the new provisions and under the current provisions is noted below. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

Under the new provisions that came into force on 1 January 2007, the combined standard contribution rate payable in respect of all members is 19.75%, payable from 1 January 2007. (This is based on the adjusted contribution rate for existing members of 19.8% and the standard contribution rate for new entrants of 19.15%, both payable from 1 January 2007). There is a deficiency of £1,840 million as at 31 March 2004, which would be eliminated by a supplementary contribution of 0.75% of salary payable for 15 years from 1 January 2007. The total contribution rate payable from 1 January 2007 would have been 21.45% of salary.

Under a UK-wide agreement the member contribution rate has been set at 6.4% from 1 January 2007 until it is reviewed in light of the next actuarial valuation. The total recommended rate of contribution payable by employers from 1 January 2007 is therefore 14.1% of salary.

**Local Government Pension Scheme**

The Academy is one of several employing bodies included in the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The latest actuarial valuation of Excelsior Academy's liabilities took place as at 1 April 2008.

*The principal actuarial assumptions as at the balance sheet date were*

	<b>2010</b>	<b>2009</b>
	%	%
Discount rate	4.9	5.3
Rate of increase in salaries	4.8	5.0
Rate of increase in pensions in payment	2.6	3.5
Rate of increase in deferred pensions	2.6	3.5
Inflation	3.3	3.5

*The amounts recognised in the balance sheet are as follows*

	<b>2010</b>	<b>2009</b>
	£	£
Present value of funded obligations	(3,400,900)	(2,980,900)
Fair value of scheme assets	2,160,000	1,600,000
Deficit in the scheme	<u>(1,240,900)</u>	<u>(1,380,900)</u>
Net pension liability	<u><u>(1,240,900)</u></u>	<u><u>(1,380,900)</u></u>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
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**15 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

*Changes in the present value of the defined benefit obligation scheme are as follows*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	2,980,900	391,000
Current service cost	250,000	190,000
Past service cost	(290,000)	-
Interest on scheme liabilities	170,000	140,000
Actuarial loss	170,000	480,000
Contributions by scheme participants	80,000	80,000
Benefits paid out/(received)	40,000	(10,000)
Transfer of liabilities on employees transferred	-	1,709,900
	<hr/>	<hr/>
Closing defined benefit obligation	3,400,900	2,980,900
	<hr/> <hr/>	<hr/> <hr/>

The defined benefit obligation may be analysed between wholly unfunded and wholly or partly funded schemes as follows

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Funded	3,400,900	2,980,900
Unfunded	-	-
	<hr/>	<hr/>
	3,400,900	2,980,900
	<hr/> <hr/>	<hr/> <hr/>

*Changes in the fair value of scheme assets are as follows*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Opening of fair value of scheme assets	1,600,000	240,100
Expected return on scheme assets	110,000	100,000
Contributions by employer	210,000	200,000
Contributions by scheme participants	80,000	80,000
Actuarial gain/( loss)	120,000	(150,000)
Benefits (paid out)/received	40,000	(10,000)
Transfer of assets on employees transferred	-	1,139,900
	<hr/>	<hr/>
Closing fair value of scheme assets	2,160,000	1,600,000
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows

	<b>2010</b>	<b>2009</b>
	<b>%</b>	<b>%</b>
Equities	65.3	67.3
Property	8.1	6.5
Cash	1.4	1.8
Government bonds	10.0	9.8
Corporate bonds	12.3	11.7
Other	2.9	2.9

**THE EXCELSIOR ACADEMY NEWCASTLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

*Amounts charged to the statement of financial activities*

	2010	2009
	£	£
<i>Staff costs</i>		
Current service cost	250,000	190,000
Past service costs	(290,000)	-
Contributions by employers	(210,000)	(200,000)
<i>Finance costs</i>		
Interest on scheme liabilities	170,000	140,000
Expected return on scheme assets	(110,000)	(100,000)
<i>Cost of transfer of scheme assets and liabilities</i>	-	570,000
	<hr/>	<hr/>
Total operating (credit)/charge	(190,000)	600,000
	<hr/> <hr/>	<hr/> <hr/>

Other pension costs include an exceptional credit of £290,000 relating to FRS 17 past service costs. In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The Academy has considered the LGPS scheme rules and associated members' literature and has concluded that this change is a change in benefits and so has recognised the resulting credit in the Income & Expenditure account. On 17 December 2010, following a process of consultation the Urgent Issues Task Force (UITF) issued a final Abstract on the accounting treatment for this change. The Abstract confirms that the accounting treatment adopted by Excelsior Academy in respect of the past service credit is appropriate.

Employer contributions for the financial year ended 31 August 2011 are estimated at approximately £220,000 (2010 £210,000)

*Amounts charged as gains and losses are as follows*

	2010	2009
	£	£
Actuarial loss on scheme liabilities	170,000	480,000
Actuarial (gain)/loss on scheme assets	(120,000)	150,000
	<hr/>	<hr/>
Actuarial loss	50,000	630,000
	<hr/> <hr/>	<hr/> <hr/>

*Rate of return*

The long term expected rate of return on 31 August 2010 is as follows

	2010	2009
	%	%
Equities	7.7	7.5
Property	7.2	6.5
Cash	1.4	4.0
Government bonds	3.7	5.3
Corporate bonds	4.3	0.7
	<hr/>	<hr/>
Total	6.8	6.7
	<hr/> <hr/>	<hr/> <hr/>

Excelsior Academy employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2010.

**THE EXCELSIOR ACADEMY NEWCASTLE**  
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**15 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

*History of experience gains and losses*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Experience gains/(losses) on scheme assets	120,000	(150,000)
Experience gains/(losses) on scheme liabilities	-	(70,000)

*History of asset values, present value of liabilities and surplus/deficit*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Defined benefit obligation	(3,400,900)	(2,980,900)
Fair value of scheme assets	2,160,000	1,600,000
Deficit in the scheme	(1,240,900)	(1,380,900)

*Principal demographic assumptions*

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

	<b>2010</b>	<b>2009</b>
<i>Males</i>		
Retiring today	20.0	19.9
Retiring in 20 years	22.2	22.1
<i>Females</i>		
Retiring today	22.9	22.8
Retiring in 20 years	25.1	25.0

**Transfer of assets and liabilities on employees transferred**

During the year ended 31 August 2009, 35 members transferred from Newcastle City Council and 1 member transferred from City of Sunderland to Excelsior Academy bringing with them previous accrued service in the Fund. This transfer was disclosed as a settlement event as approximated by the actuary using approximations where data is unavailable.

The actuary of the Administering Authority of the funds provided an estimate of the funding level of Newcastle City Council as 61%. It was assumed that the notional internal asset transfer is based on a share of assets approach using 61%.

This approach was applied to the members liabilities transferred from City of Sunderland also.

In 2009, the figures relating to the transfer showed an increase in liabilities of £570,000, which was included on the face of the statement of financial activities.

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**16 RESTRICTED FUNDS**

	Balance at 1 September 2009 £	Transfer £	Incoming resources £	Expenditure £	FRS 17 Actuarial loss	Balance at 31 August 2010 £
Restricted General Fund						
Lord Laidlaw of Rothiemay donation	-	-	115,000	(115,000)	-	-
DCSF / DfE GAG	286,415	-	8,317,895	(8,376,843)	-	227,467
DCSF / DfE Standards Funds Grant	-	-	953,973	(83,777)	-	870,196
Other Standards Funds Grant	286,991	-	99,491	(386,482)	-	-
DCSF / DfE National Challenge Support Grant	-	-	103,000	(103,000)	-	-
SEN funding	-	-	61,542	(61,542)	-	-
Devolved Formula Capital Grant	139,859	-	124,991	(31,545)	-	233,305
Other grant income	-	-	9,354	(9,354)	-	-
	<u>713,265</u>	<u>-</u>	<u>9,785,246</u>	<u>(9,167,543)</u>	<u>-</u>	<u>1,330,968</u>
Restricted Pension Fund	(1,380,900)	-	-	190,000	(50,000)	(1,240,900)
<b>Restricted General Funds</b>	<u>(667,635)</u>	<u>-</u>	<u>9,785,246</u>	<u>(8,977,543)</u>	<u>(50,000)</u>	<u>90,068</u>
Restricted Fixed Asset Fund	34,627,145	-	327,863	(2,072,988)	-	32,882,020
<b>Total Restricted funds</b>	<u>33,959,510</u>	<u>-</u>	<u>10,113,109</u>	<u>(11,050,531)</u>	<u>(50,000)</u>	<u>32,972,088</u>

The Restricted General Funds carried forward comprise

**DCSF / DfE GAG Funding**

The GAG consists of

- a School Budget Share (SBS)
- b LA Central Spend Equivalent Grant (LACSEG)
- c Specialist School Funding
- d School Standards Grant (SSG)
- e SSG (Personalisation)
- f VAT grant
- g Start-up grants
- h School Meals Grant
- i Insurance

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% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

**Devolved Formula Capital Funding**

These arrangements allow Academies to decide how to fund local priorities. It can only be used for capital expenditure on premises/building projects or the purchase of ICT equipment.

**THE EXCELSIOR ACADEMY NEWCASTLE**  
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**16 RESTRICTED FUNDS (continued)**

**Standards Fund Grant**

Recurrent standards funds are received to provide a contribution to the school's development and improvement agenda, including personalised learning. It is calculated based on pupil numbers.

**Restricted Fixed Asset Fund**

The Restricted Fixed Asset Fund represents fixed assets funded by DCSF / DfE capital grants and other private sponsors.

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2010 £	Total 2009 £
Tangible fixed assets	-	567,362	32,759,105	33,326,467	34,914,254
Current assets	8,695	1,196,183	122,915	1,327,793	856,849
Current liabilities	(178,557)	(432,577)	-	(611,134)	(575,786)
Pension liability	-	(1,240,900)	-	(1,240,900)	(1,380,900)
	<u>(169,862)</u>	<u>90,068</u>	<u>32,882,020</u>	<u>32,802,226</u>	<u>33,814,417</u>

**18 CAPITAL COMMITMENTS**

	Total 2010 £	Total 2009 £
Contracted for but not provided for in the financial statements	-	99,874
Authorised by the Governors but not yet contracted	-	-
	<u>-</u>	<u>99,874</u>

The above capital commitment will be met by DCSF / DfE grants to be received in future years.

**19 OPERATING LEASE COMMITMENTS**

At 31 August 2010, the Academy was committed to making the following payments during the next year in respect of operating leases for motor vehicles:

	Total 2010 £	Total 2009 £
<b>Leases which expire:</b>		
Within 2-5 years	<u>11,184</u>	<u>-</u>

**THE EXCELSIOR ACADEMY NEWCASTLE**  
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**20 ULTIMATE CONTROLLING PARTY**

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members

**21 RELATED PARTY TRANSCATIONS**

During the period, the Academy recognised sponsorship income from Lord Laidlaw of Rothiemay, who is a director and governor of the Academy

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Capital	-	83,994
Other	115,000	25,000
	115,000	108,994
	115,000	108,994

At the year end £86,999 (2009 nil) was owed to the Academy and is included in sundry debtors

**22 CONTINGENT LIABILITIES**

In the event that during the year of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes

**23 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 member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for debts and liabilities contracted before he/she ceases to be a member

**24 RECONCILIATION OF OPERATING DEFICIT AND NET CASHFLOW FROM OPERATING ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Operating deficit	(962,191)	(516,602)
Depreciation	2,072,988	2,008,371
Interest payable	719	406
Interest receivable	(1,120)	(2,710)
FRS 17 Impact	(190,000)	600,000
Decrease in debtors	28,660	1,988,549
Increase / (decrease) in creditors	35,348	(1,948,875)
Capital income	(460,000)	(1,542,345)
	524,404	596,794
	524,404	596,794