

Company Number 07768726



ANNUAL REPORT

31 AUGUST 2012

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COMPANIES HOUSE

Baker Tilly Tax and Accounting Limited
3rd Floor, One London Square
Cross Lanes, Guildford
Surrey GU1 1UN

EPSOM AND EWELL HIGH SCHOOL

ANNUAL REPORT for the period ended 31 August 2012

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EPSOM AND EWELL HIGH SCHOOL

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

The governors present their first report and the first financial statements of Epsom and Ewell High School ("the Academy Trust") for the period ended 31 August 2012

REFERENCE AND ADMINISTRATIVE DETAILS

The governors, who are also the directors of the company, have held office since 9 September 2011, as follows

Chris Munro	Chair (from 9 July 2012) and Parent governor (appointed 9 September 2011)
Alan Richardson	Chair and Local Authority governor (appointed 9 September 2011 and resigned 9 July 2012)
Sara Lipscombe	Vice Chair and Community governor (appointed 9 September 2011)
Alex Russell	Headteacher and Accounting Officer (appointed 9 September 2011)
Jane Derrick	Community governor (appointed 9 September 2011)
Matt Gibson	Staff Governor (appointed 30 January 2012)
Mark Kelleher	Parent governor (appointed 9 September 2011)
Walter Lian	Co-opted governor (appointed 27 September 2012)
Julia Kirkland	Community governor (appointed 9 September 2011)
Joanne Massey-Shand	Co-opted governor (appointed 27 September 2012)
Judith Quaife	Parent governor (appointed 9 September 2011)
Claire Spain	Staff governor (appointed 9 September 2011)
Ann Wood	Co-opted governor (appointed 27 September 2012)

Of the above governors, Alan Richardson (until 9 July 2012), Chris Munro and Judith Quaife are trustees of the charity and members of the company

The principal address of the charity and the registered office of the company are the premises of the Academy Trust at Ruxley Lane, Epsom, Surrey KT19 9JW

The Academy Trust is an exempt charity that is not therefore required to register with the Charity Commission, and the company is incorporated with the company registration number 07768726

The trustees have made the following professional appointments:

Accountant	Baker Tilly Tax and Accounting Limited, 3 rd Floor, One London Square, Cross Lanes, Guildford, Surrey GU1 1UN
Auditor	Baker Tilly UK Audit LLP, 3 rd Floor, One London Square, Cross Lanes, Guildford, Surrey GU1 1UN
Banker	HSBC Bank plc, 9 Wellesley Road, Croydon, Surrey CR9 2AA

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In addition to the Headteacher, the following other key senior members of staff are responsible for the day-to-day management of the Academy Trust

Kate Sanders	Business Manager and Company Secretary
Guy Blair	Deputy Headteacher
Simon Baker	Assistant Headteacher
Jo Garrod	Assistant Headteacher
Mary Gould	Assistant Headteacher
Gill Stewart	Assistant Headteacher

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status & History

Epsom and Ewell High School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter. The current members of the company are the governors of the Academy Trust.

The principal activity of the Academy Trust is currently to run a senior school for boys and girls located in Epsom, Surrey.

The Academy Trust runs a school that was originally a foundation school in Epsom, Surrey that was founded in 1948/49, became a foundation school on 21 May 1996 and converted to academy status on 1 October 2011. The Academy Trust was incorporated on 9 September 2011 and is governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 9 September 2011.

Organisational Structure

Epsom and Ewell High School has a unified management structure to ensure it is run in an efficient way. The structure consists of three levels: the governors, the senior and middle leadership teams. The aim of the management structure is to devolve responsibility, improve accountability and encourage involvement in decision-making at all levels.

The governors fulfil a largely strategic role. They adopt the schools' strategic and annual development plans and sanction the annual budget. They monitor the school's performance and, on advice, make decisions about the direction of Epsom and Ewell High School, its capital expenditure and senior staff appointments.

The senior leadership team consists of the headteacher, one deputy headteacher, the business manager and four assistant headteachers. This team runs the school at both an executive and operational level. It implements the policies and annual development plan laid down by the governors and reports back to them termly on the progress made towards fulfilling them. At an operational level the senior leadership team provides strong leadership and management for the school community, in particular organising and developing the teaching staff, learning environment and students' learning.

As a group, the senior leadership team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, other than specific senior staff appointments for which the governing body and the headteacher are responsible. Some spending control is devolved to members of the senior leadership team and appointed budget holders, with limits above which a senior leader must countersign. The headteacher is the accounting officer.

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GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

The middle leaders consist of all curriculum and pastoral leaders. They are responsible for the day-to-day implementation of the school development plan, the delivery of the curriculum, exam preparation and performance and ensuring the well-being of students. They, along with teachers and tutors, are also the first point of contact for parents and carers.

Method of Recruitment, Appointment, Election, Induction & Training of Governors

The governing body comprises the headteacher and 8 governors including 3 parent governors, 2 staff governors (including 1 member of the support (non-teaching) staff) and up to 3 appointed governors.

Parent governors are normally elected by parents of students registered at the school and the governing body makes arrangements to notify parents of a vacancy and oversees a secret ballot where the number of nominees exceeds the number of vacancies. Staff governors are similarly elected by staff.

Other governors are appointed after discussions with local community groups and businesses dependent on the person specification required. Volunteers first visit the school and meet the chair of governors, headteacher and another governor. This is a preliminary meeting and, where appropriate, a recommendation would be made for a candidate to be presented to the full governing body with a view to appointment.

All new governors are given an induction pack and, if not familiar with the school, are invited to a tour and to meet key governors and staff. Training is provided by an outside consultancy specialising in governor training. There is a named governor to provide details of relevant courses, encourage attendance and monitor governor-wide training undertaken.

Risk & Corporate Governance Matters

The governors have assessed the major risks to which Epsom and Ewell High School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the school and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in operational areas such as teaching and learning, health and safety, educational trips and visits, safeguarding and finance. They have introduced robust systems and internal financial controls to manage and minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance and effective systems of internal financial controls. These are explained in detail in the statement of internal control which is signed by the chair of governors and the accounting officer.

Auditor

Baker Tilly UK Audit LLP has been appointed the first auditor to the Academy Trust and has indicated its willingness to continue in office.

Statement as to Disclosure of Information to the Auditor

The governors at the date of approval of this governors' annual report confirm that so far as each of them is aware, there is no relevant audit information of which the Academy Trust'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.

EPSOM AND EWELL HIGH SCHOOL

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

Governors' Responsibilities in the Preparation of Financial Statements

The governors (who are also the directors of Epsom and Ewell High School for the purposes of company law) are responsible for preparing the governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Academy Trust as at the balance sheet date, and of the incoming resources and application of resources, including income and expenditure, for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements 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 Academy Trust will continue in business

The governors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Academy Trust and enable them to ensure that the financial statements comply with Companies Acts 2006. They are also responsible for safeguarding the assets of the Academy Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the Academy Trust 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 Department for Education (DfE) via the Education Funding Agency (EFA) have been applied for the purposes intended.

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

Professional Indemnity Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance arranged through Brit Insurance provides cover of up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was included within the premium for the commercial combined policy.

Members' Liability

Epsom and Ewell High School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

EPSOM AND EWELL HIGH SCHOOL

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The charitable objectives for which the Academy Trust was established are set down in the governing document as follows

- To advance for the public benefit education in the United Kingdom, 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 Epsom and Ewell and the surrounding area 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 interests of social welfare and with the object of improving the condition of life of the said inhabitants

Principal Activities

Epsom and Ewell High School's principal activities in accordance with its objectives are advancing education in the UK by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. In addition, the Trust promotes, for residents of West Ewell and adjacent areas, recreational facilities to improve the condition of life for those residents

The school's objectives, strategies and activities are outlined in the school development plan

Public Benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives (as set out above) and in planning future activities and setting appropriate policies for the year

Connected Organisations, Including Related Party Relationships

Epsom and Ewell High School works closely with the Epsom & Ewell Confederation and the Epsom, Ewell and Banstead 11-19 Network to promote collaboration between local primary and secondary schools and further education providers. These are not separate legal entities but collaborative partnerships which operate under formal partnership agreements. Financial decisions for the partnerships are made by the steering groups at which the school is represented. The funds for the partnerships belong to the groups as a whole and thus surpluses and deficits on activities belong to all member schools in equal share.

Epsom and Ewell High School provides a joint interim leadership solution for Jubilee High School in Addlestone and is a professional partner with King's College for the Arts and Technology in Guildford, the North-East Surrey Short Stay School in Epsom and Hersham and St Philip's School in Chessington

EPSOM AND EWELL HIGH SCHOOL

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

ACHIEVEMENTS AND PERFORMANCE

The school is in its first period of operation and achieved the forecast numbers of students. Total students in the period ended 31 August 2012 numbered 779. The School has surplus places in all year groups. The school can admit up to 210 students into each year group.

Examination results for 2012 were very pleasing. At A level, candidates achieved a 12% pass rate at A* and A grades, 67% at A* to C grades and 98% at A* to E grades. These are in line with the school's FFT targets. Particularly good was the significant increase in students achieving 3 A level passes, which rose 20% to 73% from last year.

At GCSE, 64% of students achieved five or more GCSEs at A*-C including English and Mathematics. This shows a 3% increase on the previous academic period and is 10% above the school's ambitious FFT type D target. This maintains our position as one of the top 5 schools in Surrey and in the top 10% nationally for student progress which are outstanding achievements.

To ensure that standards are continually raised the school operates a programme of self-evaluation which includes review of performance data, learning walks, observation of lessons and termly externally led assessment of our work. Student performance is reported every half-term and the data analysed to ensure that all groups of students and departments are on track. The school was inspected by Ofsted in May 2011 and was deemed to be 'good'. The inspection team also identified a number of outstanding elements.

The staff meet every week for training either as a whole staff or in teams. There is a carousel of activities based on key themes so that the training provided is appropriate for each member of staff and reflects the priorities contained in the school development plan. Outside of school 5 members of staff are undertaking Master's degree courses. Both of these show the school's commitment to training and professional development.

FINANCIAL REVIEW

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that Epsom and Ewell High School 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.

EPSOM AND EWELL HIGH SCHOOL

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

Financial Review and Key Financial Performance Indicators

Most of the school'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 period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2012, the total expenditure of £4,811,951 was less than the recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period (including restricted fixed asset funds) was £14,347,200. At 31 August 2012, the net book value of fixed assets was £14,221,351 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of Epsom and Ewell High School.

From the Actuarial Valuation for the period ended 31 August 2012, an FRS 17 pension deficit was identified for the Local Government Pension Scheme that amounted to £599,000.

Financial and Risk Management Objectives and Policies

The principal Risk Management objective of the school is to minimise all identified risks as outlined in the risk register by frequent review and remedial actions where required.

Principal Risks and Uncertainties

The major risks to which the Academy Trust is exposed are shortfalls in funding which have not been anticipated, changes in funding formulas and a reduction in the school roll.

Reserves Policy

The governors have agreed a new Reserves Policy for the school and will review this annually. The review encompasses the nature of income and expenditure streams and the need to match income with commitments. The governors have determined that the appropriate level of free reserves should be approximately £60,000 on an on-going basis. The reason for this is to provide sufficient working reserves to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. As at 31 August 2012, free reserves amounted to £599,164 but it is anticipated that much of this free reserve balance will be utilised over the course of the next 3 academic years.

Investment Policy

Epsom and Ewell High School does not have any material investments. The school's bank accounts are held with HSBC plc and the school operates Educational Current and Deposit accounts and School Fund Current and Deposit accounts.

Interest from Bank Accounts is shown in note 4 to the Financial Statements.

EPSOM AND EWELL HIGH SCHOOL

GOVERNORS' ANNUAL REPORT for the period ended 31 August 2012

PLANS FOR FUTURE PERIODS

Epsom and Ewell High School will continue striving to improve the levels of performance of its students at all levels as reflected in its mission statement and annual development plan. Epsom and Ewell High School will continue its efforts to ensure its students gain employment, training or a place in higher education once they leave. Epsom and Ewell High School will continue to accept transfers from other schools and colleges into years 7 to 13 where possible. Epsom and Ewell High School has an excellent reputation for the progress, personal development and well-being of its students and staff and this will continue to be a priority.

Epsom and Ewell High School will continue to look at its accommodation and plan for the redevelopment of areas of the school site where buildings have reached the end of their useful life.

Epsom and Ewell High School aims to provide the opportunity for increased student success beyond the boundaries of our school. We are at the forefront of plans aiming to establish ways to benefit the wider community and provide direct access to Epsom and Ewell High School's facilities, curricular materials and the expertise of our staff. This is evidenced by our professional partnerships with other schools.

Epsom and Ewell High School has been awarded a capital grant of £246,366 from the Academies Capital Maintenance Fund following a successful bid for funds to replace roofing at the school in 2012/2013.

FUNDS HELD AS CUSTODIAN

Although the Academy Trust maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, Epsom and Ewell High School does not hold, and the governors do not anticipate that it will in the future hold, any funds as custodian for any third party.

This report was approved by the board of governors on ³14 December 2012, and was signed for and on behalf of the board by



Chair

Chris Munro

^{13th} December 2012

EPSOM AND EWELL HIGH SCHOOL

GOVERNANCE STATEMENT for the period ended 31 August 2012

Scope of Responsibility

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

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

Governance

The board of governors has met formally four times during the academy's first financial period. Attendance at meetings was as follows:

Governor	Meetings attended	Out of possible
Chris Munro	3	4
Alan Richardson	2	4
Sara Lipscombe	4	4
Alex Russell	4	4
Jane Derrick	3	4
Matt Gibson	3	3
Mark Kelleher	2	4
Walter Lian	appointed after the period end	
Julia Kirkland	2	4
Joanne Massey-Shand	appointed after the period end	
Judith Quaife	4	4
Claire Spain	3	4
Ann Wood	appointed after the period end	

The Finance & Premises Committee is a sub-committee of the board of governors, and its purposes and terms of reference cover those of a typical audit committee. The Finance & Premises Committee met four times during the academy's first financial period. Attendance at meetings was as follows:

Governor	Meetings attended	Out of possible
Alan Richardson	3	4
Sara Lipscombe	4	4
Alex Russell	4	4
Matt Gibson	4	4
Mark Kelleher	4	4

EPSOM AND EWELL HIGH SCHOOL

GOVERNANCE STATEMENT for the period ended 31 August 2012

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 Epsom and Ewell High School's 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 Epsom and Ewell High School for the period ended 31 August 2012 and up to the date of approval of the governors' annual report and financial statements.

Capacity to Handle Risk

The board of governors has reviewed the key risks to which Epsom and Ewell High School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing Epsom and Ewell High School's significant risks that has been in place for the period ended 31 August 2012 and up to the date of approval of the governors' annual report and financial statements. This process is regularly reviewed by the board of governors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors,
- 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, and
- identification and management of risks

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed an external Responsible Officer ("RO"), Mr Ron Enticott of Airde Associates for the financial year 2011/12. This appointment will be reviewed in light of the new Academies Financial Handbook.

The RO's role includes giving advice on financial matters and performing a range of checks on Epsom and Ewell High School's financial systems. On a quarterly basis, the RO reports to the board of governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

EPSOM AND EWELL HIGH SCHOOL

**GOVERNANCE STATEMENT
for the period ended 31 August 2012**


Review of Effectiveness

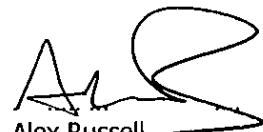
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period ended 31 August 2012, this review has been informed by

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process; and
- the work of the Senior Leadership Team members within Epsom and Ewell High School who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of governors on ³14 December 2012 and signed on its behalf by


Chris Munro **Chair**


Alex Russell **Accounting Officer**

13 December 2012

13 December 2012

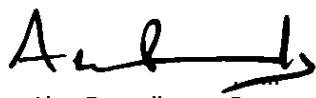
EPSOM AND EWELL HIGH SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
for the period ended 31 August 2012**

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

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

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

 **Accounting Officer**
Alex Russell

13 December 2012

EPSOM AND EWELL HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPSOM AND EWELL HIGH SCHOOL for the period ended 31 August 2012

We have audited the financial statements of Epsom and Ewell High School for the period ended 31 August 2012 on pages 16 to 37. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

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 the auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 5, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

EPSOM AND EWELL HIGH SCHOOL

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPSOM AND EWELL HIGH SCHOOL
for the period ended 31 August 2012**

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

- the charitable company has not kept adequate accounting records, 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 governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Perry Linton FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3rd Floor, One London Square
Cross Lanes
Guildford
Surrey GU1 1UN

27 December 2012

EPSOM AND EWELL HIGH SCHOOL

**STATEMENT OF FINANCIAL ACTIVITIES
(including Income & Expenditure Account)
for the period ended 31 August 2012**

		Period Ended 31 August 2012			
	Notes	Unrestricted Funds	Restricted Funds		Total 2012
		£	General	Fixed Assets	£
			£	£	
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income – upon conversion	2	446,516	(521,629)	14,545,135	14,470,022
Voluntary income – other	2	-	66,385	-	66,385
Activities for generating funds	3	26,036	-	-	26,036
Investment income	4	937	-	-	937
Incoming resources from charitable activities					
School operating income	5	302,281	4,293,490	-	4,595,771
TOTAL INCOMING RESOURCES		775,770	3,838,246	14,545,135	19,159,151
RESOURCES EXPENDED					
Charitable activities					
School operating costs	6	104,944	4,310,221	355,242	4,770,407
Governance costs					
	7	-	41,544	-	41,544
TOTAL RESOURCES EXPENDED		104,944	4,351,765	355,242	4,811,951
NET INCOMING/(OUTGOING) RESOURCES & NET INCOME/(EXPENDITURE) FOR THE PERIOD		670,826	(513,519)	14,189,893	14,347,200
TRANSFERS					
Gross transfers between funds		(71,662)	40,204	31,458	-
OTHER RECOGNISED GAINS/LOSSES					
Actuarial losses on defined benefit pension schemes	14	-	(50,000)	-	(50,000)
NET MOVEMENT IN FUNDS		599,164	(523,315)	14,221,351	14,297,200
RECONCILIATION OF FUNDS					
Fund balances brought forward at 9 September 2011		-	-	-	-
FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2012		599,164	(523,315)	14,221,351	14,297,200

The net movement in funds for the period arises from the Academy Trust's acquired operations, which are continuing. No separate statement of total recognised gains and losses has been presented as all such gains and losses are dealt with in the statement of financial activities.

EPSOM AND EWELL HIGH SCHOOL

**CASH FLOW STATEMENT
for the period ended 31 August 2012**

	Notes	Period Ended 31 August 2012 £
NET CASH FLOW FROM OPERATING ACTIVITIES		
Net incoming resources and net income for the period		14,347,200
Depreciation		355,242
Investment income receivable		(937)
Non-cash movement – Inherited fixed assets		(14,545,135)
Non-cash movement – Inherited pension deficit		534,000
FRS17 pension cost less contributions payable		(9,000)
FRS17 pension finance costs		24,000
Increase in debtors		(86,881)
Increase in creditors		383,600
		<u>1,002,089</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Investment income received		937
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets		(31,458)
INCREASE IN CASH	9 & 10	<u>971,568</u> =====

All of the Academy Trust's cash flows for the period arise from the Academy Trust's acquired operations

Cash balances of £458,887 were acquired upon conversion to academy status

EPSOM AND EWELL HIGH SCHOOL

**BALANCE SHEET
as at 31 August 2012**

Company number 07768726

	Notes	2012 £
FIXED ASSETS		
Tangible assets	11	14,221,351
CURRENT ASSETS		
Debtors	12	86,881
Cash at bank and in hand		971,568
		<u>1,058,449</u>
LIABILITIES		
Creditors Amounts falling due within one year	13	383,600
NET CURRENT ASSETS		
		<u>674,849</u>
TOTAL ASSETS LESS CURRENT LIABILITIES & NET ASSETS EXCLUDING PENSION LIABILITY		
		14,896,200
Defined benefit pension scheme liability	14	599,000
NET ASSETS INCLUDING PENSION LIABILITY		
		<u>14,297,200</u> =====
THE FUNDS OF THE ACADEMY		
Restricted fixed assets funds	15	14,221,351
Restricted general funds – LGPS deficit fund	15	(599,000)
Restricted general funds – other	15	75,685
Unrestricted income funds	15	599,164
TOTAL ACADEMY FUNDS		
	16	<u>14,297,200</u> =====

The financial statements on pages 16 to 37 were approved by the Governors and authorised for issue on 14 December 2012, and are signed on their behalf by


Chris Munro Chair

13th Dec. 2012

EPSOM AND EWELL HIGH SCHOOL

Financial statements for the period ended 31 August 2012

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared to comply with current statutory requirements (principally being the Companies Act 2006, the Charities Act 2011, and the Charity (Accounts and Reports) Regulations 2008), under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice. The recommendations and guidance in *Academies Accounts Direction 2011/12* issued by the Education Funding Agency in August 2012 and in *Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)* issued by the Charity Commission in March 2005 have been followed.

These financial statements are the first financial statements prepared for the charitable company and cover the period from incorporation to 31 August 2012.

GOING CONCERN

After making appropriate enquiries, the governing body has a reasonable expectation that Epsom and Ewell High School 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.

CONVERSION TO AN ACADEMY TRUST

The conversion from a state funded foundation school to an academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred upon conversion from the foundation school, Epsom and Ewell High School, to the Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Coketown Academy Trust Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the statement of financial activities and analysed under unrestricted, restricted general and restricted fixed asset funds.

INCOMING RESOURCES

Grants receivable for tuition and other wider educational activities, other operating income, rental income, and investment income are accounted for on an accruals basis. Income is recognised as receivable and excluding any relevant Value Added Tax when earned by the Academy Trust.

General donations and other similar types of voluntary income are brought into account when received, except that donated income is included gross of any attributable tax recoverable, where relevant. Donated assets, donated services and gifts in kind are recognised in the statement of financial activities at their fair value to the Academy Trust in the period in which they are receivable, and where the benefit to the Academy Trust is both quantifiable and material.

Other sources of income, including the hire of facilities, are recognised in the period in which they are receivable and to the extent the goods have been supplied or the service has been completed.

All sources of income given for specific purposes are treated as restricted income.

EPSOM AND EWELL HIGH SCHOOL

Financial statements for the period ended 31 August 2012

ACCOUNTING POLICIES

RESOURCES EXPENDED

Expenditure is recognised in the period in which the rights and obligations that relate to goods received by or services performed for the Academy Trust are materially fulfilled, with the relevant liability to pay the suppliers concerned being recognised as a liability. Resources expended are therefore generally recognised in the period in which they are incurred and include any elements of irrecoverable Value Added Tax.

Resources expended are allocated to the Academy Trust's principal activity, to the costs of generating funds or to governance costs, where the costs involved can be identified as being directly related to those categories. All other costs are categorised as support costs and are allocated in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Governance costs are the costs associated with running the Academy Trust as an academy trust, and in particular include a proportion of staff costs and direct legal and professional support costs, including audit fees.

TAXATION

The Academy Trust is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for United Kingdom 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.

TANGIBLE FIXED ASSETS

All tangible assets purchased that have a cost that exceeds £2,000 and an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	over 25 to 50 years
Plant and machinery	over 3 to 10 years

Where 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 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 over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

PENSION CONTRIBUTIONS

The Academy Trust participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Surrey Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes.

EPSOM AND EWELL HIGH SCHOOL

Financial statements for the period ended 31 August 2012

ACCOUNTING POLICIES

The Teachers' Pensions Scheme is administered by the Teachers' Pensions Agency. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. The amount charged to the statement of financial activities in respect of pension costs is the total contributions payable for the period.

The Academy Trust is, however, able to identify its share of the underlying assets and liabilities of the Surrey Local Government Pension Scheme, and therefore, the accounting principles relevant to defined benefit pension schemes are applicable. The amount charged to the statement of financial activities in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme are treated as finance income or cost for the period.

Full actuarial valuations, carried out by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme are measured at fair value, and the underlying liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Academy Trust has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the Academy Trust's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the statement of financial activities.

LEASED ASSETS AND OBLIGATIONS

All of the Academy Trust's leases are "operating leases" and the annual rentals are charged to the statement of financial activities on a straight line basis over the lease term.

FUND ACCOUNTING

The general fund comprises the accumulated surpluses of unrestricted incoming resources over resources expended, which are available for use in furtherance of the general objectives of the Academy Trust.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the governors. The use of designated funds remains at the discretion of the governors.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements.

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

		Period Ended 31 August 2012 £
1	GENERAL ANNUAL GRANT (GAG)	
a	Results and carry forward for the period	
	GAG brought forward from previous period	-
	GAG allocation for the current period	4,034,389
	Total GAG available to spend	<u>4,034,389</u>
	Recurrent expenditure from GAG	(4,007,946)
	Fixed assets purchased from GAG	(23,457)
	GAG carried forward to the next year	<u>2,986</u>
	Maximum permitted GAG carry forward at the end of current period (12% of allocation for current period)	484,127
	GAG surrender to DfE (12% rule breached if result is positive)	<u>(481,141)</u> =====
		(no breach)
b	Use of GAG brought forward from previous period for recurrent purposes	
	(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes Any balance, up to a maximum of 12%, can only be used for capital purposes)	
	Recurrent expenditure from GAG in current period	4,007,946
	GAG allocation for current period	(4,034,389)
	GAG allocation for previous period x2%	-
	GAG brought forward from previous period in excess of 2% used on recurrent expenditure in current period (2% rule breached if result is positive)	<u>(26,443)</u> =====
		(no breach)

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

	Period Ended 31 August 2012			Total 2012
	Unrestricted Funds	Restricted Funds		
	£	General	Fixed Assets	
		£	£	£
2 VOLUNTARY INCOME				
Assets and liabilities inherited upon conversion				
Agreed cash settlements	446,516	12,371	-	458,887
Fixed assets inherited	-	-	14,545,135	14,545,135
Local government pension scheme deficit	-	(534,000)	-	(534,000)
	446,516	(521,629)	14,545,135	14,470,022
Capital grant funding	-	66,385	-	66,385
	446,516	(455,244)	14,545,135	14,536,407
	=====	=====	=====	=====
3 ACTIVITIES FOR GENERATING FUNDS				
Sundry lettings and hire of facilities	26,036	-	-	26,036
	=====	=====	=====	=====
4 INVESTMENT INCOME				
Bank interest receivable on short term cash deposits	937	-	-	937
	=====	=====	=====	=====
5. SCHOOL OPERATING INCOME				
Core academy funding – see note 1:				
General Annual Grant (GAG)	-	3,961,974	-	3,961,974
Rates and insurance income	-	72,415	-	72,415
	-	4,034,389	-	4,034,389
Other government funding				
Academy set up grant	-	25,000	-	25,000
Special Educational Needs income	-	101,577	-	101,577
Golden Hello income	-	33,339	-	33,339
16-19 Bursary income	-	2,185	-	2,185
Graduate Teacher Placement income	-	59,400	-	59,400
School Games Organiser income	-	37,600	-	37,600
Other school income				
Other educational income	302,281	-	-	302,281
	302,281	4,293,490	-	4,595,771
	=====	=====	=====	=====

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

	Period Ended 31 August 2012			Total 2012 £
	Unrestricted Funds £	Restricted Funds General Fixed Assets £		
6 SCHOOL OPERATING COSTS				
Direct costs				
Teaching – staff costs	-	2,888,144	-	2,888,144
Teaching – other costs	84,134	615,033	-	699,167
Welfare – other costs	-	17,284	-	17,284
Premises – staff costs	-	60,706	-	60,706
Premises – other costs	-	180,827	-	180,827
	84,134	3,761,994	-	3,846,128
Support costs – see note 7	20,810	548,227	355,242	924,279
	104,944	4,310,221	355,242	4,770,407

	Period Ended 31 August 2012		
	Support costs £	Governance costs £	Total 2012 £
7 SUPPORT AND GOVERNANCE COSTS			
Staff costs	218,961	18,694	237,655
Depreciation – owned assets	355,242	-	355,242
Auditor’s remuneration			
Audit fees	-	8,900	8,900
Accountancy and advisory services	-	3,500	3,500
Operating lease rentals			
Plant and machinery	101,239	-	101,239
Legal and professional fees and consultancy fees	204,027	10,450	214,477
Net finance expense on pension scheme assets and liabilities – see note 16	24,000	-	24,000
Other costs	20,810	-	20,810
	924,279	41,544	965,823

The Academy Trust strives to analyse expenditure as direct costs when transactions are being processed, but thereafter, allocates support costs on the basis of estimated staff time involved and/or the nature of the cost. Included within auditor’s remuneration are amounts payable to Baker Tilly UK Audit LLP in respect of audit services of £8,900 and amounts payable to Baker Tilly Tax and Accounting Limited in respect of accountancy and advisory services of £3,500.

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

	Period Ended 31 August 2012
8 STAFF COSTS	
	No.
The average monthly number of persons employed by the Academy Trust (excluding governors) during the period, expressed as full time equivalents, was as follows	
Teaching	80
Premises	2
Support	8
	<u>90</u>
	====
	£
Staff costs for the above persons	
Wages and salaries	2,644,970
Social security costs	205,895
Pension costs - defined benefit schemes	
Teachers' Pension Scheme	271,212
Local Government Pension Scheme	64,428
	<u>3,186,505</u>
	=====
	No
The number of employees whose emoluments for the period exceeded £60,000 fell within the following ranges	
£90,001 to £100,000	1
	====
The Academy Trust made contributions to pension schemes on behalf of all employees whose emoluments exceeded £60,000, and the total contributions payable during the period amounted to £13,387	
No other member of staff received total emoluments in excess of £60,000 during the current period.	

GOVERNORS' REMUNERATION AND EXPENSES

In addition to being the accounting officer (and also a governor), Alex Russell was the headteacher. In respect of his role as headteacher, he received emoluments for qualifying services amounting to £94,942, and the Academy Trust incurred pension costs of £13,387 in respect of the pension benefits accruing to him.

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

8 STAFF COSTS (Continued)

Other than as disclosed above, none of the governors received any remuneration for services as a trustee of the charity or as a director of the company during the current period. None of the governors received reimbursement for travel expenses incurred in relation to the Academy Trust during the period.

GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance arranged through Brit Insurance provides cover of up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was included within the premium for the commercial combined policy.

		Period Ended 31 August 2012
		£
9 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Increase in cash in the period		971,568
Other non-cash changes		-
		971,568
CHANGE IN NET FUNDS		
Net funds at 9 September 2011		-
		971,568
NET FUNDS AT 31 AUGUST 2012		971,568

10 ANALYSIS OF CHANGES IN NET FUNDS

	9 September 2011	Cash flows	Other non-cash changes	31 August 2012
	£	£	£	£
Cash in hand, at bank	-	971,568	-	971,568
NET FUNDS	-	971,568	-	971,568
	=====	=====	=====	=====

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

11 TANGIBLE ASSETS

	Freehold land and buildings £	Plant and machinery £	TOTAL £
Cost.			
9 September 2011	-	-	-
Inherited upon conversion	14,545,135	-	14,545,135
Additions	-	31,458	31,458
31 August 2012	<u>14,545,135</u>	<u>31,458</u>	<u>14,576,593</u>
Depreciation			
9 September 2011	-	-	-
Charge in the year	347,540	7,702	355,242
31 August 2012	<u>347,540</u>	<u>7,702</u>	<u>355,242</u>
Net book value:			
31 August 2012	<u>14,197,595</u>	<u>23,756</u>	<u>14,221,351</u>
	=====	=====	=====

The freehold land and buildings inherited by the Academy Trust upon conversion were valued at £14,545,135 on an existing use value basis and a depreciated replacement cost basis by DVS Property Specialists

The cost of the above tangible assets was funded by

Fixed assets inherited upon conversion	14,545,135
General Annual Grant	23,457
Capital grants	8,001
	<u>14,576,593</u>
	=====

**31 August
2012
£**

12 DEBTORS

Amounts falling due within one year	
Trade debtors	36,022
Other debtors	40,588
Prepayments and accrued income	10,271
	<u>86,881</u>
	=====

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

	31 August 2012
	£
13 CREDITORS	
Amounts falling due within one year	
Trade creditors	97,069
Other tax and social security costs	126,372
Accruals	156,080
Deferred income	
School activity income received in advance for 2012/2013	4,079
	<u>383,600</u>
	=====

14 PENSION COMMITMENTS

The Academy Trust participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Surrey Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries.

Teachers' Pension Scheme

The Teachers' Pensions Scheme is administered by the Teachers' Pensions Agency. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. The amount charged to the statement of financial activities in respect of pension costs is the total contributions payable for the period, as shown in note 8.

The Teachers' Pensions Scheme is usually valued formally not less than every four years by the Government Actuary in the United Kingdom, however at the moment the last available valuation was carried out at 31 March 2004 using normal actuarial principles. The following key actuarial assumptions were used:

Gross rate of return	6.5%
Real rate of return in excess of	
Prices	3.5%
Earnings	2.0%
Real rate of earnings growth	1.5%

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual participating employers. The 2004 valuation was reported by the Government Actuary in October 2006, and the fair value of the scheme's assets was £163,240 million and the estimated present value of the scheme's liabilities was £166,500 million. The employer and employee contributions to the scheme are calculated at 14.1% and 6.4% of pensionable pay, respectively, with the employee contribution rate amended to tiered contributions with effect from 1 April 2012.

EPSOM AND EWELL HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2012

14 PENSION COMMITMENTS (Continued)

Local Government Pension Scheme

The Academy Trust is, however, able to identify its share of the underlying assets and liabilities of the Surrey Local Government Pension Scheme (LGPS), and therefore, the accounting principles relevant to defined benefit pension schemes are applicable. The amount charged to the statement of financial activities in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the accounting period, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme are treated as a net finance income or expense for the period.

Full actuarial valuations, carried out by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme are measured at fair value, and the underlying liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Academy Trust has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the Academy Trust's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the statement of financial activities.

The Academy Trust's LGPS obligation relates to the employees of the Academy Trust, who transferred into the Academy Trust as part of the conversion process for the school and thereafter new employees who were eligible to, and did, join the scheme in the accounting period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The latest actuarial valuation dated 31 March 2010 has been updated to take account of the requirements of Financial Reporting Standard 17 Retirement Benefits in order to assess the liabilities of the scheme as at 31 August 2012. Scheme assets are stated at their fair value.

The employer contribution rate has been set at 26.5% of pensionable salary with an equivalent employee contribution rate which is variable by salary and by employee. On that basis, the anticipated employer payments required to be made to the scheme in the coming year amount to £125,415.

EPSOM AND EWELL HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2012

14 PENSION COMMITMENTS (Continued)

The major assumptions used by the actuary were:

	At 31 August 2012
Rate of increase in salaries	4.5%
Rate of increase in pensions in payment	2.2%
Discount rate	4.1%
Inflation assumption - rpi	2.9%
- cpi	2.1%
	=====

In the June 2010 Emergency Budget, the government announced that public sector pension increases would in the future be linked to the consumer prices index (cpi) rather than the retail prices index (rpi). The government has since formally implemented this proposal and a legal challenge was rejected. The assumption regarding future pension increases is therefore linked to cpi. It is currently estimated that cpi will on average be approximately 0.8% below rpi, but recent developments suggest this gap may close over time due to planned changes in the way in which cpi and rpi are calculated.

As a new employer within the scheme, the charitable company has been unaffected by the change from rpi to cpi.

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

	At 31 August 2012
Retiring today –	
Males	21.9 years
Females	24.0 years
Retiring in 20 years –	
Males	23.9 years
Females	25.9 years
	=====

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

14 PENSION COMMITMENTS (Continued)

The assets in the scheme and the expected rate of return were

	Expected return on total assets at 31 August 2012	Value at 31 August 2012	
		£'000	%
Equities	5.5%	177	(72%)
Bonds	3.4%	46	(19%)
Property	3.7%	12	(5%)
Cash	2.8%	10	(4%)
		<hr/>	
Total market value of assets		245	
Present value of scheme liabilities		(844)	
		<hr/>	
Deficit in the scheme		(599)	
		=====	
		Period Ended 31 August 2012 £'000	

Analysis of the amount charged to the statement of financial activities -

As staff costs		
Current service cost		63
Past service cost		-
		<hr/>
Total operating charge		63
As finance expense		
Expected return on assets		(9)
Interest on liabilities		33
		<hr/>
Net finance expense		24
Total pension costs		<hr/> 87
		=====

The net actuarial gains for the current period end to date are recognised in the statement of financial activities

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

14 PENSION COMMITMENTS (Continued)

**Period Ended
31 August 2012
£'000**

Analysis of changes in the present value of defined benefit obligations	
Opening defined benefit obligations	-
Upon conversion to academy status	663
Employee contributions	21
Current service cost	63
Past service cost	-
Interest on liabilities	33
Actuarial experience losses	64
Benefits paid	-
	<hr/>
Closing defined benefit obligations	844
	=====
Analysis of changes in the fair value of plan assets	
Opening fair value of assets	-
Upon conversion to academy status	129
Employer contributions	72
Employee contributions	21
Expected return on assets	9
Actuarial experience gains	14
Benefits paid	-
	<hr/>
Closing fair value of assets	245
	=====
The actual return on plan assets was £23,000	
Experience adjustments are as follows:	
Amounts for the period	
Plan assets at fair value	245
Defined benefit obligation	(844)
	<hr/>
Deficit	(599)
	=====
Experience adjustments on plan assets	14
	=====
Experience adjustments on plan liabilities	64
	=====

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

15 THE FUNDS OF THE ACADEMY

	9 September 2011 £	Incoming resources £	Outgoing resources £	Actuarial gains £	Transfers between funds £	31 August 2012 £
Restricted fixed assets funds:						
Inherited fixed assets fund	-	14,545,135	(347,540)	-	-	14,197,595
General Annual Grant fixed assets fund	-	-	(5,743)	-	23,457	17,714
Capital grant fixed assets fund	-	-	(1,959)	-	8,001	6,042
	-	14,545,135	(355,242)	-	31,458	14,221,351
Restricted general funds:						
General Annual Grant fund	-	3,961,974	(3,973,398)	-	11,424	-
LGPS deficit fund	-	(534,000)	(15,000)	(50,000)	-	(599,000)
Capital grants fund	-	74,386	-	-	(8,001)	66,385
Rates and insurance fund	-	72,415	(69,429)	-	-	2,986
Academy set up grant fund	-	25,000	(29,458)	-	4,458	-
Special Educational Needs fund	-	101,577	(133,900)	-	32,323	-
Golden Hello fund	-	33,339	(33,339)	-	-	-
16-19 Bursary fund	-	6,555	(241)	-	-	6,314
Graduate Teacher Placement fund	-	59,400	(59,400)	-	-	-
School Games Organiser fund	-	37,600	(37,600)	-	-	-
	-	3,838,246	(4,351,765)	(50,000)	40,204	(523,315)
Unrestricted income funds:						
General fund	-	775,770	(104,944)	-	(71,662)	599,164
	-	19,159,151	(4,811,951)	(50,000)	-	14,297,200
	=====	=====	=====	=====	=====	=====

EPSOM AND EWELL HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2012

15 THE FUNDS OF THE ACADEMY (Continued)

The Inherited fixed assets fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The General Annual Grant fixed assets fund has been set up to recognise the tangible assets purchased by the academy following conversion that have been funded from the General Annual Grant. This fund has been created by a transfer from the General Annual Grant fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.

The Capital grant fixed assets fund has been set up to recognise the tangible assets purchased by the academy following conversion that have been funded by capital grants received by the academy. This fund has been created by a transfer from the Capital grants fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education Funding Agency (formerly the Young People's Learning Agency) by the Department for Education. The General Annual Grant fund has been set up because the GAG must be used for the normal running costs of the Academy Trust. The Academy Trust is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy Trust, but any balance over 2% must be used for capital purposes.

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the school. Transfers are made to the Capital grants fixed asset fund for expenditure incurred that is in respect of tangible fixed assets.

The Rates and insurance fund has been created to recognise the restricted funding received from the Department for Education to cover the cost to the academy of rates and insurance.

The Academy set up grant fund has been created to recognise the restricted grant funding received from the Department for Education to assist with the costs incurred by the school during the process of conversion to academy status.

The Special Educational Needs fund has been created to recognise all restricted income from various sources that is intended to be used to partially fund the additional costs incurred by the school in meeting the additional educational needs of some of its pupils. The relevant restricted expenditure is then also recorded through this fund with any overspend being covered by a transfer from the General Annual Grant fund.

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

15 THE FUNDS OF THE ACADEMY (Continued)

The Golden Hello fund has been created to recognise restricted funding provided to the Academy Trust with which to reward teachers eligible for the Golden Hello scheme who join the teaching body of the school. The funding received is paid out to teachers through the payroll on receipt of funding from the Training & Development Agency for Schools.

The 16-19 Bursary fund has been created to recognise restricted funding which enables the school to provide mandatory bursaries under the Department for Education scheme for certain categories of qualifying student as well as discretionary payments awarded by the governors to other students in need of support.

The Graduate Teacher Placement fund has been created to recognise funding received to support the salary costs of Graduate Teacher Programme individuals employed by the school. The relevant restricted expenditure is then also recorded through this fund with any overspend being covered by a transfer from the General Annual Grant fund.

The School Games Organiser fund has been created to recognise restricted funding provided jointly by the Department of Health and Sport England for two years starting from September 2011. Jointly with other local schools, this funding supports the employment of a School Games Organiser through Active Surrey.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible assets	Net current assets	Pension scheme liability	Total
	£	£	£	£
Restricted fixed assets funds:				
Inherited fixed assets fund	14,197,595	-	-	14,197,595
General Annual Grant fixed assets fund	17,714	-	-	17,714
Capital grants fixed assets fund	6,042	-	-	6,042
Restricted general funds:				
LGPS deficit fund	-	-	(599,000)	(599,000)
Capital grants fund	-	66,385	-	66,385
Rates and insurance fund	-	2,986	-	2,986
16-19 Bursary fund	-	6,314	-	6,314
Unrestricted income funds:				
General fund	-	599,164	-	599,164
NET ASSETS	<u>14,221,351</u>	<u>674,849</u>	<u>(599,000)</u>	<u>14,297,200</u>
	=====	=====	=====	=====

EPSOM AND EWELL HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 August 2012

17 MEMBERS' LIABILITY

Epsom and Ewell High School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

18 CAPITAL COMMITMENTS

At the balance sheet date, the Academy Trust had no capital commitments.

19 CONTINGENT LIABILITIES

At the balance sheet date, the Academy Trust had a contingent liability of £3,302 in respect of potential settlement costs relating to an unfair dismissal claim.

20 COMMITMENTS UNDER OPERATING LEASES

**31 August
2012
£**

At 31 August 2012, the Academy Trust was committed to make the following payments during the next year under non-cancellable operating leases as follows:

In respect of plant and machinery leases - expiring within one year	94,984
expiring within two to five years	26,778
	=====

21 RELATED PARTY TRANSACTIONS

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

No such transactions have been identified for the period ended 31 August 2012.

EPSOM AND EWELL HIGH SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012**

22 CONVERSION TO ACADEMY TRUST

On 1 October 2011, the Epsom and Ewell High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the academy trust from Surrey County Council for £Nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities

	Period Ended 31 August 2012			
	Unrestricted Funds	Restricted Funds		Total 2012
	£	General Fixed Assets £	£	£
INCOMING RESOURCES				
Incoming resources from generated funds				
Voluntary income				
Tangible fixed assets				
Freehold land and buildings	-	- 14,545,135		14,545,135
Other assets	-	-		-
Cash at bank and in hand	446,516	12,371		458,887
LGPS pension deficit	-	(534,000)		(534,000)
NET ASSETS	446,516	(521,629)	14,545,135	14,470,022
	=====			=====