

**The Skinners'  
Academy**

**Report and Financial  
Statements**

31 August 2012

Company Limited by Guarantee  
Registration Number 06543682  
(England and Wales)

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<b>Trustees and Governing Body</b>	The Rt Hon Earl of Malmesbury (Chair) Stephen Belk James Leslie Charles Clark Richard Charles De Boer Robert Farquharson Jayme Johnson Lucy Clare Lee Darren Parker Harriet Hadfield Hugh William Whitbread Mark Wickham-Jones Jenny Wilkins
<b>Company Secretary</b>	Mark Johnstone
<b>Senior Leadership Team</b>	
Principal	Jenny Wilkins
Vice Principal	Robert Grice
Vice Principal	Angelyn Levesque
Vice Principal, Bursar	Mark Johnstone
Assistant Vice Principal	Breda Marko
Assistant Vice Principal	David Francis
Assistant Vice Principal	Rex Lewis
<b>Registered office</b>	8 Dowgate Hill London EC4R 2SP
<b>Academy office</b>	Woodberry Grove London N4 1SY
<b>Company registration number</b>	06543682 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	NatWest Plc 3rd Floor Lough Point Gladbeck Way Enfield EN2 7JA

The trustees of The Skinners' Academy ('the Academy') present their statutory report together with the financial statements of the Academy for the year ended 31 August 2012.

The financial statements have been prepared in accordance with the accounting policies set out therein and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy is a company limited by guarantee with no share capital (Company Registration No. 6543682) and an exempt charity (Charity Registration No. 1124968). The Academy's memorandum and articles of association are the primary governing documents. Members of the Academy are nominated by the principal sponsor or by the Secretary of State for Education. The articles of association require that there should be at least three trustees, each being a member or a duly authorised representative of a member organisation, or one third of the total number of trustees to be responsible for the statutory and constitutional affairs and the management of the Academy.

### **Members' liability**

Each member of the Academy undertakes to contribute to the assets of the Academy in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

### **Trustees**

The trustees are also directors of the Academy for the purposes of the Companies Act. The following trustees were in office at 31 August 2012 and served throughout the year except where shown:

<b>Trustee</b>	<b>Appointed/Resigned</b>
The Rt Hon Earl of Malmesbury (Chair)	
Stephen Belk	
James Leslie Charles Clark	
Richard Charles De Boer	
Robert Farquharson	
Jayne Johnson	
Lucy Clare Lee	
Darren Parker	
Harriet Hadfield	
Hugh William Whitbread	
Mark Wickham-Jones	
Jenny Wilkins	

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Trustees** (continued)

No trustee received any remuneration in respect of their duties as trustees from the Academy during the period. Jenny Wilkins is remunerated in her position as School Principal.

### **Organisational structure**

Skinner's Academy is governed by a board of trustees constituted under a memorandum of association and articles of association. The board of trustees is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:

- ◆ Policy development and strategic development;
- ◆ Ensuring sound management and administration of the Academy;
- ◆ Ensuring compliance with legal requirements;
- ◆ Establishing and maintaining effective internal controls;
- ◆ The management of all resources;
- ◆ The monitoring of performance;
- ◆ Helping the Academy to be responsive to the needs of parents, carers and the community; and
- ◆ Assessing and managing risk.

A Governing Body (chaired by a member of the board of trustees) responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and strategic development plans meets tri-annually. The governors have delegated components of their responsibility to the Finance and General Purposes Committee.

The Finance and General Purposes Committee is responsible for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the Academy.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)**Organisational structure** (continued)

The day to day management is delegated to the Academy Principal who has appointed a Leadership Team which meets on a frequent basis. The Leadership Team consists of:

Jenny Wilkins	-	Principal
Robert Grice	-	Vice Principal
Angelyn Levesque	-	Vice Principal
Mark Johnstone	-	Vice Principal, Bursar
Breda Marko	-	Assistant Vice Principal
David Francis	-	Assistant Vice Principal
Rex Lewis	-	Assistant Vice Principal

Together the Leadership Team control the Academy at an executive level implementing the policies laid down by the trustees and the Governing Body and reporting back to them and providing evidence, reports and data analysis at the Governing Body meetings, enabling governors to monitor effectively.

**Connected organisations**

The Academy works closely with its sponsor, The Skinners' Company, the Department for Education (DfE), the Education Funding Agency (EFA), the Local Education Authority and other local organisations.

**Risk management**

The Academy maintains a risk register which is reviewed by the trustees on a regular basis. This identifies the various types of risk that the Academy is exposed to and monitors the systems in place to mitigate those risks. The following risk areas are included on the register:

- ◆ Physical assets;
- ◆ Business continuity;
- ◆ Financial;
- ◆ Technological;
- ◆ Third part liability;
- ◆ Environmental;
- ◆ Legal and compliance;
- ◆ Market and sector;
- ◆ Personnel;
- ◆ Political; and

- ◆ Reputational.

## **OBJECTIVES AND ACTIVITIES**

### **Objects, aims and objectives**

The Academy's objects ("the Objects") are to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to Business, Enterprise and ICT.

### **Public benefit**

When setting the objectives of the Academy for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

### **Equal opportunities**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities 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**

The policy of the Academy is to support the recruitment and retention of students and employees with disabilities. Disabled employees are accorded equal opportunities for training, career development and promotion.

## **ACHIEVEMENTS AND PERFORMANCE**

During the Academy's second year of operation, the school remained very popular and admissions at Year 7 continued to be substantially oversubscribed. Student recruitment to Post 16 benefitted from the transfer of the Year 11 girls to Year 12, marking the end of internal applicants for Year 12 until September 2015. In addition, staff numbers have continued to grow in order to keep pace with the increasing student roll.

In the absence of a Year 11 cohort, no GCSE results have been published. With regard to Post 16 results, vocational courses continued to make excellent progress throughout the year, as evidenced in the published results.

Ofsted inspectors completed a monitoring visit during the year and recorded good progress.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

### **Going concern**

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

## **FINANCIAL REVIEW**

### **Financial report for the period**

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA and the associated expenditure are shown as restricted funds in the statement of financial activities.

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 2012, total expenditure of £5,031,742 (2011 - £4,821,134) (excluding the restricted fixed asset fund) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the fixed assets and the additional loss on the pension scheme) was £765,088 (2011 - £1,046,176).

At 31 August 2012 the net book value of fixed assets was £27,842,094 (2011 - £29,115,455) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

### **Reserves policy**

The Academy held fund balances at 31 August 2012 of £29,210,201 (2011 - £29,905,742) comprising £180,293 of unrestricted general funds and £29,029,908 of restricted funds which includes the pension reserve deficit of £368,000 and fixed assets of £27,842,094.

The trustees have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The trustees will keep the level of reserves under review.



## FINANCIAL REVIEW (continued)

### Reserves policy (continued)

The funding received and to be received for the development of the Academy and all associated capital works are intended to fully cover the costs and therefore the level of reserves is not currently a significant issue. The Academy remains within the Start Up phase, and continues to receive grant funding in that respect. The application of these grants is included in the Academy's medium-term financial planning and the trustees have therefore determined that the appropriate level of reserves, which are not invested in tangible assets, should be reviewed once all start-up funding has been expended.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £180,293. The Academy intends to continue monitoring free reserves to ensure they are appropriate.

## PLANS FOR FUTURE PERIODS

Key Stage 4 courses have now commenced for Year 9 students, with a view to GCSE (or equivalent) exams being taken from summer 2014 onwards. Teacher recruitment will continue to keep pace with growth in student numbers, and increased staff costs have been included in the financial planning.

Finances continue to be closely managed in order that asset renewal programmes may be implemented at a rate similar to the current depreciation policies.

In addition, feasibility work is now in hand in respect of proposals to expand Post 16 accommodation in order to facilitate the Target Operational Model of 250 Post 16 students from 2016 onward.

### Auditor

In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the Academy's auditor is unaware; and
- ◆ the trustees 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.

Approved by the trustees and signed on their behalf by:

Trustee

Approved by the trustees on:

**Scope of responsibility**

The trustees and governors acknowledge that they have overall responsibility for ensuring that The Skinners’ Academy 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 trustees and the Governing Body have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the trustees’ report and in the statement of trustees’ responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Rt Hon Earl of Malmesbury	3	3
S Belk	2	3
JLC Clark	2	3
RC De Boer	0	3
R Farquharson	2	3
J Johnson	1	3
LC Lee	3	3
D Parker	2	3
H Hadfield (nee Prest)	2	3
HW Whitbread	3	3
M Wickham-Jones	2	3
J Wilkins	3	3

The resignation of Lord Inglewood was confirmed, with effect from the final meeting of 2010 / 2011. Harriet Prest got married during the year and is now Harriet Hadfield.

Attendance at meetings throughout the year has been excellent, with all being quorate. The Academy is currently advertising for staff governors in order that teaching and support staff may be represented on the governing body.

**Governance** (continued)

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to take responsibility for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the Academy. During the year, no new members joined the Committee. Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
R Farquharson	4	4
Rt Hon. Earl of Malmesbury	3	4
JLC Clark	4	4
HW Whitbread	4	4
J Wilkins	4	4

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy’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 at the Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The trustees and Governing Body have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees and Governing Body are of the view that there is an ongoing process for identifying, evaluating and managing the Academy’s significant risks that has been in place for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees and Governing Body.

**The risk and control framework**

The Academy’s system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;

**The risk and control framework** (continued)

- ◆ regular reviews by the Finance and General Purposes 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 trustees and Governing Body have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Vanessa Hill 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 termly basis, the RO reports to the governors on the operation of the systems of control and on the discharge of the trustees' and Governing Body's financial responsibilities.

**Review of effectiveness**

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

- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance and General Purposes Committee of the implications of his/her review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the trustees and Governing Body and signed on their behalf by:

(Trustee and Chair of Governing Body)

(Principal and Accounting Officer)

Approved on:

As accounting officer of the Skinners' Academy, I have considered my responsibility to notify the Academy's trustees and Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Accounting Officer

Date:

The trustees (who are also the directors of the Academy for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Governing Body on 11 December 2012 and signed on its behalf by:

Chair of the Governing Body

Date:

**Independent auditor's report to the members of The Skinners' Academy**

We have audited the financial statements of The Skinners' Academy for the year ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual 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 trustees and auditor**

The trustees act as directors for The Skinners' Academy under the Companies Act and are also trustees for the purposes of charity law.

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

**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 2012 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; and
- ◆ the financial statements have been prepared in accordance with the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL



**Independent auditor's report on regularity to the governing body of the Skinners' Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 12 October 2010 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period from 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the trustees and the EFA. Our review work has been undertaken so that we might state to the trustees and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees and the EFA, for our review work, for this report, or for the opinion we have formed.

**Respective responsibilities of the trustees and auditor**

The trustees are responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed or income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Basis of opinion**

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

**Opinion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

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

	Notes	Unrestricted funds £	Restricted general funds £	Restricted other funds £	Restricted fixed asset funds £	31 August 2012 total funds £	31 August 2011 total funds £
<b>Incoming resources</b>							
Incoming resources from generated funds							
. Voluntary income	2	23,256	—	26,216	10,000	<b>59,472</b>	27,888,186
. Activities for generating funds	3	120,989	—	—	—	<b>120,989</b>	56,616
. Investment income		1,677	—	—	—	<b>1,677</b>	—
Incoming resources from charitable activities							
. Funding for the Academy's educational operations	4	—	5,440,154	145,571	—	<b>5,585,725</b>	7,729,249
. Other incoming resources	5	26,846	—	12,121	—	<b>38,967</b>	16,236
<b>Total incoming resources</b>		<b>172,768</b>	<b>5,440,154</b>	<b>183,908</b>	<b>10,000</b>	<b>5,806,830</b>	<b>35,690,287</b>
<b>Resources expended</b>							
Cost of generating funds:							
. Fundraising trading		—	—	—	—	—	168,824
Charitable activities							
. Academy's educational operations	7	17,697	4,810,377	183,908	1,305,629	<b>6,317,611</b>	5,623,934
. Academy's development costs	8	—	—	—	—	—	93,792
Governance costs	9	—	19,760	—	—	<b>19,760</b>	20,679
<b>Total resources expended</b>	6	<b>17,697</b>	<b>4,830,137</b>	<b>183,908</b>	<b>1,305,629</b>	<b>6,337,371</b>	<b>5,907,229</b>
Net incoming (outgoing) resources before transfers		155,071	610,017	—	(1,295,629)	<b>(530,541)</b>	29,783,058
Gross transfers between funds	17	—	(22,268)	—	22,268	—	—
<b>Net income (expenditure) for the year</b>		<b>155,071</b>	<b>587,749</b>	<b>—</b>	<b>(1,273,361)</b>	<b>(530,541)</b>	<b>29,783,058</b>
<b>Other recognised gains and losses</b>							
Actuarial (loss) gain on defined benefit pension schemes	27	—	(165,000)	—	—	<b>(165,000)</b>	95,000
<b>Net movement in funds</b>		<b>155,071</b>	<b>422,749</b>	<b>—</b>	<b>(1,273,361)</b>	<b>(695,541)</b>	<b>29,878,058</b>
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 September 2011		25,222	765,065	—	29,115,455	<b>29,905,742</b>	27,684
<b>Fund balances carried forward at 31 August 2012</b>		<b>180,293</b>	<b>1,187,814</b>	<b>—</b>	<b>27,842,094</b>	<b>29,210,201</b>	<b>29,905,742</b>

All of the Academy's activities derive from continuing operations during the above two financial periods.

The Academy had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net movement in funds stated above and its historical cost equivalent.

	Notes	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>	13		<b>27,842,094</b>		29,115,455
Tangible assets					
<b>Current assets</b>					
Debtors	15	<b>208,279</b>		249,804	
Short term deposits		<b>526,245</b>		—	
Cash at bank and in hand		<b>1,426,289</b>		1,112,629	
		<b>2,160,813</b>		1,362,433	
<b>Creditors:</b> amounts falling due within one year	16	<b>(424,706)</b>		(354,146)	
<b>Net current assets</b>			<b>1,736,107</b>		1,008,287
<b>Total net assets less current liabilities</b>			<b>29,578,201</b>		30,123,742
<b>Net assets excluding pension scheme liability</b>			<b>29,578,201</b>		30,123,742
Pension scheme liability	27		<b>(368,000)</b>		(218,000)
<b>Net assets including pension scheme liability</b>			<b>29,210,201</b>		29,905,742
<b>Funds of the academy:</b>					
Restricted funds	17				
. Fixed asset funds			<b>27,842,094</b>		29,115,455
. General funds			<b>1,555,814</b>		983,065
. Pension reserve			<b>(368,000)</b>		(218,000)
Total restricted funds			<b>29,029,908</b>		29,880,520
Unrestricted funds					
. General funds	17		<b>180,293</b>		25,222
Total unrestricted funds			<b>180,293</b>		25,222
Total funds			<b>29,210,201</b>		29,905,742

Approved by the trustees and signed on their behalf by:

Trustee

Approved on:

Company Limited by Guarantee  
 Registration Number  
 06543682 (England and Wales)

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	21	<b>860,496</b>	1,054,822
Returns on investments and servicing of finance	22	<b>1,677</b>	—
Capital expenditure	23	<b>(22,268)</b>	(66,573)
Management of liquid resources	24	<b>(526,245)</b>	—
<b>Increase in cash in the year</b>	25	<b>313,660</b>	988,249
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2011		<b>1,112,629</b>	124,380
<b>Net funds at 31 August 2012</b>		<b>1,426,289</b>	1,112,629

### **Basis of accounting**

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

### **Going concern**

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

### **Incoming resources**

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

#### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

#### Gifts in kind

Gifts in kind provided to the Academy are recognised in the statement of financial activities at their value to the Academy, as determined by the Governors, in the year in which they are receivable, and where the benefit is both quantifiable and material and the expenditure would have been incurred from other funds had the goods or services not been donated.

### **Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a reasonable, justifiable and consistent basis for the cost category concerned.

#### Charitable activities

These are costs incurred on the Academy’s educational operations.

**Resources expended** (continued)

Governance costs

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

**Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

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:

- ◆ Furniture, fittings and equipment - 10% p.a.
- ◆ Buildings - 2% p.a.
- ◆ Motor vehicles - 20%
- ◆ Computers - 33% 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.

**Taxation**

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

**Fund accounting**

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

### **Pension costs**

Academy teaching staff are members of a multi-employer defined benefit pension scheme; the Teachers' Pension Scheme. More details of the scheme are given in note 13 to the accounts.

#### *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 Education. As the Academy is unable to identify its share of the underlying 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 were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the period.

#### *Local government pension scheme*

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS) which is managed by the London Borough Hackney Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets is 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.

**1 General Annual Grant (GAG)**

	2012 £	2011 £
<b>a. Results and Carry Forward for the period</b>		
GAG brought forward from previous period	<b>377,073</b>	—
GAG allocation for current period (note 4)	<b>4,377,763</b>	3,717,556
<b>Total GAG available to spend</b>	<b>4,754,836</b>	3,717,556
Recurrent expenditure from GAG	<b>(4,215,362)</b>	(3,273,910)
Fixed assets purchased from GAG	<b>(22,268)</b>	(66,573)
<b>GAG carried forward to next year</b>	<b>517,206</b>	377,073
Maximum permitted GAG carry forward at end of current year (12% of allocation for current period)	<b>525,332</b>	446,107
<b>GAG to surrender to DfE</b>	<b>(8,126)</b>	(69,034)
(12% rule breach if result is positive)	No breach	No breach

**2 Voluntary income**

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Donations	23,256	36,216	<b>59,472</b>	27,888,186

Donations for 2011 comprise a gift in kind of £28,200,186, being the value of the new Academy building and its fixtures and fittings. These were provided by the London Borough of Hackney. The value of the pension deficit acquired of £312,000 was also included in donations in 2011.

**3 Activities for generating funds**

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Hire of premises	30,399	—	<b>30,399</b>	8,986
Catering income	90,590	—	<b>90,590</b>	47,630
	120,989	—	<b>120,989</b>	56,616



**4 Funding for Academy's educational operations**

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
<b>Capital grant</b>				
. ICT capital grant	—	24,521	<b>24,521</b>	1,934,791
<b>EFA revenue grant</b>				
. Implementation grant	—	—	—	58,844
. General Annual Grant (GAG) (note 1)	—	4,377,763	<b>4,377,763</b>	3,717,556
. Standards funds	—	—	—	7,756
. 16-18 Bursary fund	—	17,290	<b>17,290</b>	—
. Pupil premium	—	66,551	<b>66,551</b>	—
. Start Up grants	—	915,450	<b>915,450</b>	1,804,284
. Other grants	—	63,100	<b>63,100</b>	—
. Environmental improvement grant	—	—	—	70,000
	—	5,440,154	<b>5,440,154</b>	5,658,440
<b>Other government grants</b>				
. School standards funds	—	121,050	<b>121,050</b>	120,892
. Comenius grant	—	—	—	15,126
	—	121,050	<b>121,050</b>	136,018
	—	5,585,725	<b>5,585,725</b>	7,729,249

**5 Other incoming resources**

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Contribution to visits	6,041	—	<b>6,041</b>	964
Miscellaneous income	20,805	12,121	<b>32,926</b>	15,272
	26,846	12,121	<b>38,967</b>	16,236

**6 Resources expended**

	Staff costs £	Non pay expenditure		2012 Total funds £	2011 Total funds £
		Premises £	Other costs £		
Costs of activities for generating funds	—	—	—	—	168,824
Academy's educational operations					
. Direct costs	2,854,514	543,397	981,820	<b>4,379,731</b>	3,785,450
. Allocated support costs	583,075	330,828	1,023,977	<b>1,937,880</b>	1,838,484
. Development costs	—	—	—	—	93,792
	<b>3,437,589</b>	<b>874,225</b>	<b>2,005,797</b>	<b>6,317,611</b>	<b>5,886,550</b>
Governance costs including allocated support costs	—	—	19,760	<b>19,760</b>	20,679
	<b>3,437,589</b>	<b>874,225</b>	<b>2,025,557</b>	<b>6,337,371</b>	<b>5,907,229</b>

	2012 funds £	2011 funds £
<b>Net incoming resources for the period include:</b>		
Operating leases	<b>23,190</b>	49,834
Fees payable to auditor:		
. Audit services		
.. Current year	<b>9,750</b>	9,500
.. Prior year	—	3,990
Non audit services		
.. Current year	<b>10,010</b>	6,389
.. Prior year	—	800

**7 Charitable activities - Academy's educational operations**

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
<b>Direct costs</b>				
Teaching and educational support staff costs	—	2,854,514	<b>2,854,514</b>	2,464,531
Depreciation	—	1,188,327	<b>1,188,327</b>	1,031,790
Educational supplies	—	251,493	<b>251,493</b>	192,820
Examination fees	—	29,490	<b>29,490</b>	38,974
Educational consultancy	—	37,935	<b>37,935</b>	49,757
Other direct costs	—	17,972	<b>17,972</b>	7,578
	—	4,379,731	<b>4,379,731</b>	3,785,450
<b>Allocated support costs</b>				
Support staff costs	—	583,075	<b>583,075</b>	731,016
Depreciation	—	117,302	<b>117,302</b>	54,305
Recruitment and support	17,169	137,034	<b>154,203</b>	59,736
Maintenance of premises and equipment	—	330,828	<b>330,828</b>	220,970
Cleaning	—	115,090	<b>115,090</b>	96,968
Rent and rates	—	52,255	<b>52,255</b>	236,830
Insurance	—	42,711	<b>42,711</b>	45,242
Security and transport	—	106,669	<b>106,669</b>	165,618
Catering	—	224,438	<b>224,438</b>	30,006
Bank interest and charges (including FRS 17 interest of £10,000)	—	8,962	<b>8,962</b>	11,127
Furniture and equipment	—	38,630	<b>38,630</b>	29,227
Printing, postage and stationery	—	23,841	<b>23,841</b>	31,050
Licences and subscriptions	—	33,536	<b>33,536</b>	19,851
Telephone and broadband	—	34,882	<b>34,882</b>	30,996
Other support costs	528	70,930	<b>71,458</b>	75,542
	17,697	1,920,183	<b>1,937,880</b>	1,838,484

**8 Academy's development costs**

	Restricted funds £	2012 Total funds £	2011 Total funds £
Project management costs	—	—	19,729
Advertising/publicity	—	—	68,400
Staff training & recruitment	—	—	2,089
Financial systems	—	—	1,478
ICT	—	—	—
Health and safety	—	—	2,096
	—	—	93,792

**9 Governance costs**

	Unrestricted funds £	Restricted funds £	<b>2012 Total funds £</b>	2011 Total funds £
Auditor's remuneration				
. Audit services	—	9,750	<b>9,750</b>	13,490
. Non-audit services	—	10,010	<b>10,010</b>	7,189
	—	19,760	<b>19,760</b>	20,679

**10 Staff costs**

Staff costs during the period were:

	<b>2012 £</b>	2011 £
Staff costs		
. Wages and salaries	<b>2,679,522</b>	2,475,462
. Social security costs	<b>229,732</b>	219,807
. Other pension costs (including FRS17 credit of £23,000 (2011: £9,000))	<b>322,987</b>	318,013
. Supply teacher costs	<b>205,348</b>	182,265
	<b>3,437,589</b>	3,195,547

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2012 expressed as full time equivalents was as follows:

	<b>2012 Number</b>	2011 Number
Charitable activities		
. Teachers	<b>33</b>	28
. Administration and support	<b>35</b>	30
. Management	<b>7</b>	7

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

	<b>2012 Number</b>	2011 Number
£60,001 - £70,000	<b>2</b>	3
£70,001 - £80,000	<b>2</b>	1
£130,001 - £140,000	—	1
£140,001 - £150,000	<b>1</b>	—
	<b>5</b>	5

Three of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £39,102 (2011 - £46,496). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £15,012 (2011 - £14,361).

**11 Governors' remuneration and expenses**

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

	2012 £	2011 £
Principal – J Wilkins	<b>140k - 145k</b>	130k – 135k

During the year ended 31 August 2012, no travel and subsistence expenses were reimbursed to governors (2011 – £nil).

Other related party transactions involving the trustees are set out in note 19.

**12 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 £2 million on any one claim and the cost for the period ended 31 August 2012 was £636 (2011 – £549).

**13 Tangible fixed assets**

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
<b>Cost</b>					
At 1 September 2011	27,169,853	1,053,059	1,934,791	43,847	<b>30,201,550</b>
Additions	—	32,268	—	—	<b>32,268</b>
At 31 August 2012	<u>27,169,853</u>	<u>1,085,327</u>	<u>1,934,791</u>	<u>43,847</u>	<b><u>30,233,818</u></b>
<b>Depreciation</b>					
At 1 September 2011	452,831	87,052	537,443	8,769	<b>1,086,095</b>
Charge in period	543,397	108,533	644,930	8,769	<b>1,305,629</b>
At 31 August 2012	<u>996,228</u>	<u>195,585</u>	<u>1,182,373</u>	<u>17,538</u>	<b><u>2,391,724</u></b>
<b>Net book value</b>					
At 31 August 2012	<u>26,173,625</u>	<u>889,742</u>	<u>752,418</u>	<u>26,309</u>	<b><u>27,842,094</u></b>
At 31 August 2011	<u>26,717,022</u>	<u>966,007</u>	<u>1,397,348</u>	<u>35,078</u>	<b><u>29,115,455</u></b>

The land which the Academy is sited is currently leased from the London Borough of Hackney at a peppercorn rent.

**14 Taxation**

The Academy is an exempt charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**15 Debtors**

	2012 £	2011 £
Trade debtors	35,950	59,220
Other debtors	166,029	81,555
EFA grant receivable	—	77,761
Prepayments	6,300	31,268
	<b>208,279</b>	<b>249,804</b>

**16 Creditors: amounts falling due within one year**

	2012 £	2011 £
Trade creditors	121,148	58,957
Taxation and social security	76,015	84,357
Accruals and deferred income	227,400	210,832
Other creditors	143	—
	<b>424,706</b>	<b>354,146</b>

	2012 £
<b>Deferred income</b>	
Deferred income at 1 September 2011	180,950
Resources in the year	27,118
Amounts released from previous years	(17,290)
Deferred income at 31 August 2012	<b>190,778</b>

**17 Funds**

	Balance at 1 September 2011 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	377,073	4,377,763	(4,215,362)	(22,268)	<b>517,206</b>
. Start Up grants	605,483	915,450	(578,850)	—	<b>942,083</b>
. Other EFA grants	—	63,100	(44,735)	—	<b>18,365</b>
. Other government grants	509	17,290	(6,190)	—	<b>11,609</b>
. Pupil premium	—	66,551	—	—	<b>66,551</b>
. Pension reserve	(218,000)	—	15,000	(165,000)	<b>(368,000)</b>
	<u>765,065</u>	<u>5,440,154</u>	<u>(4,830,137)</u>	<u>(187,268)</u>	<u><b>1,187,814</b></u>
<b>Restricted fixed assets fund</b>					
. Gifts in kind	27,661,494	—	(646,430)	—	<b>27,015,064</b>
. Donations	—	10,000	(1,000)	—	<b>9,000</b>
. ICT Capital grant	1,397,349	—	(644,930)	—	<b>752,419</b>
. Capital expenditure from GAG	56,612	—	(13,269)	22,268	<b>65,611</b>
	<u>29,115,455</u>	<u>10,000</u>	<u>(1,305,629)</u>	<u>22,268</u>	<u><b>27,842,094</b></u>
<b>Other restricted funds</b>					
. Golden hellos	—	12,121	(12,121)	—	—
. ICT Capital grant	—	24,521	(24,521)	—	—
. Standards Funds	—	121,050	(121,050)	—	—
. Endowment fund donations	—	26,216	(26,216)	—	—
	<u>—</u>	<u>183,908</u>	<u>(183,908)</u>	<u>—</u>	<u>—</u>
<b>Total restricted funds</b>	<u>29,880,520</u>	<u>5,634,062</u>	<u>(6,319,674)</u>	<u>(165,000)</u>	<u><b>29,029,908</b></u>
<b>Unrestricted funds</b>					
. Unrestricted funds	25,222	172,768	(17,697)	—	<b>180,293</b>
<b>Total unrestricted funds</b>	<u>25,222</u>	<u>172,768</u>	<u>(17,697)</u>	<u>—</u>	<u><b>180,293</b></u>
<b>Total funds</b>	<u>29,905,742</u>	<u>5,806,830</u>	<u>(6,337,371)</u>	<u>(165,000)</u>	<u><b>29,210,201</b></u>

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

***EFA revenue grant fund and other restricted funds***

These grants relate to the Academy's development and operational activities.

***Fixed asset fund***

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds relates to purchase of capital items using EFA restricted general funds.

***Pension reserve***

The pension reserve relates to the Academy's share of the deficit of the Pension Scheme.

**18 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2012 £
<b>Fund balances at 31 August 2012 are represented by:</b>				
Tangible fixed assets	—	—	27,842,094	<b>27,842,094</b>
Current assets	180,293	1,980,520	—	<b>2,160,813</b>
Current liabilities	—	(424,706)	—	<b>(424,706)</b>
Pension scheme liability	—	(368,000)	—	<b>(368,000)</b>
<b>Total net assets</b>	<b>180,290</b>	<b>1,187,814</b>	<b>27,842,094</b>	<b>29,210,201</b>

**19 Related party transactions**

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

**20 Financial commitments****Operating leases**

At 31 August 2012 the Academy had annual commitments under non cancellable operating leases for office equipment as follows:

	2012 £	2011 £
Expiring within two and five years inclusive	<b>52,231</b>	49,834

**21 Reconciliation of net income to net cash inflow from operating activities**

	2012 £	2011 £
Net income	<b>(530,541)</b>	29,783,058
Depreciation (note 13)	<b>1,305,629</b>	1,086,095
Capital grants from DfE and other capital income	<b>(10,000)</b>	(30,134,977)
Interest receivable	<b>(1,677)</b>	—
FRS 17 pension deficit acquired	—	312,000
FRS 17 pension cost less contributions payable (note 27)	<b>(23,000)</b>	(9,000)
FRS 17 pension finance income (note 27)	<b>8,000</b>	10,000
Decrease (increase) in debtors	<b>41,525</b>	(49,483)
Increase in creditors	<b>70,560</b>	57,129
<b>Net cash inflow from operating activities</b>	<b>860,496</b>	1,054,822



**22 Returns on investment and servicing of finance**

	2012 £	2011 £
Interest received	1,677	—
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>1,677</b>	<b>—</b>

**23 Capital expenditure and financial investment**

	2012 £	2011 £
Purchase of tangible fixed assets	(32,268)	(2,001,364)
Capital grants from DfE / EFA	10,000	1,934,791
<b>Net cash outflow from capital expenditure and financial investments</b>	<b>(22,268)</b>	<b>(66,573)</b>

**24 Management of liquid resources**

	At 31 August 2012 £	At 31 August 2011 £
Placing of deposits	(526,245)	—

**25 Analysis of changes in net funds**

	At 1 September 2011 £	Cashflows £	At 31 August 2012 £
Cash in hand and at bank	1,112,629	313,660	<b>1,426,289</b>

**26 Members Liability**

Each member of the Academy undertakes to contribute to the assets of the Academy in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**27 Pension commitments**

The Academy's academic and related staff belong to a defined benefit pension scheme; the Teachers' Pension Scheme England and Wales (TPS).

**Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

**27 Pension commitments** (continued)**Teachers' Pension Scheme** (continued)

Although teachers and lecturers are employed by various bodies, their retirement and other pension 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 unfunded TPS, 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 Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (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.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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%.

As from 1 January 2007, and as part of the cost - sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost - sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

**27 Pension commitments** (continued)**Teachers' Pension Scheme** (continued)

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £147,000 (2011 - £133,000), of which employer's contributions totalled £111,000 and employees' contributions totalled £36,000. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.

	<b>At 31 August 2012</b>	At 31 August 2011
<b>Principal Actuarial Assumptions</b>		
Pension increase rate	<b>2.2%</b>	2.6%
Salary increase rate	<b>4.5%</b>	4.9%
Expected return on assets	<b>4.8%</b>	6.0%
Discount rate	<b>4.1%</b>	5.4%
<b>The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:</b>		
<i>Retiring today</i>		
Males	<b>20.9</b>	20.9
Females	<b>23.5</b>	23.5
<i>Retiring in 20 years</i>		
Males	<b>23.0</b>	23.0
Females	<b>25.4</b>	25.4

**27 Pension and similar obligations** (continued)**Local Government Pension Scheme** (continued)

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

	<b>Expected return at 31 August 2012</b>	<b>Fair value at 31 August 2012 £</b>	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	<b>5.6%</b>	<b>445,000</b>	6.8%	330,000
Bonds	<b>3.2%</b>	<b>125,000</b>	4.6%	85,000
Property	<b>3.7%</b>	<b>63,000</b>	4.8%	60,000
Cash	<b>2.8%</b>	<b>63,000</b>	3.9%	25,000
Total market value of assets		<b>696,000</b>		500,000
Present value of scheme liabilities				
. Funded		<b>(1,064,000)</b>		(718,000)
Deficit in the scheme		<b>(368,000)</b>		(218,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions

<b>Amounts recognised in statement of financial activities</b>	<b>2012 £</b>	2011 £
Current service costs (net of employee contributions)	<b>88,000</b>	91,000
Past service costs	—	—
Total operating charge	<b>88,000</b>	91,000
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	<b>34,000</b>	25,000
Interest on pension liabilities	<b>(42,000)</b>	(35,000)
<b>Pension finance costs</b>	<b>(8,000)</b>	(10,000)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a gain of £95,000.

**27 Pension and similar obligations** (continued)**Local Government Pension Scheme** (continued)

	2012 £	2011 £
Deficit at 1 September 2011	<b>(218,000)</b>	(312,000)
Current service cost	<b>(88,000)</b>	(91,000)
Employer contributions	<b>111,000</b>	100,000
Net finance interest	<b>(8,000)</b>	(10,000)
Actuarial (losses) gains	<b>(165,000)</b>	95,000
<b>At 31 August 2012</b>	<b>(368,000)</b>	(218,000)

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

	2012 £	2011 £
Deficit at 1 September 2011	<b>718,000</b>	659,000
Current service costs	<b>88,000</b>	91,000
Interest costs	<b>42,000</b>	35,000
Employee contributions	<b>36,000</b>	33,000
Actuarial losses/(gains)	<b>180,000</b>	(100,000)
<b>At 31 August 2012</b>	<b>1,064,000</b>	718,000

	2012 £	2011 £
<b>Movements in the fair value of academy's share of scheme assets:</b>		
At 1 September 2011	<b>500,000</b>	347,000
Expected return on assets	<b>34,000</b>	25,000
Actuarial loss	<b>15,000</b>	(5,000)
Employer contributions	<b>111,000</b>	100,000
Employee contributions	<b>36,000</b>	33,000
<b>At 31 August 2012</b>	<b>696,000</b>	500,000

The estimated value of the employer contributions for the year ended 31 August 2013 is £117,000.

The experience adjustments are as follows:

	2012 £	2011 £
<b>Present value of defined benefit obligations</b>	<b>(1,064,000)</b>	(718,000)
<b>Fair value of share of scheme assets</b>	<b>696,000</b>	500,000
<b>Deficit in the scheme</b>	<b>(368,000)</b>	(218,000)
<b>Experience adjustments on share of scheme assets</b>	<b>15,000</b>	(5,000)
Amount		
<b>Experience adjustments on scheme liabilities</b>		
Amount	—	100,000