

CTC Kingshurst Academy
(A company limited by guarantee)

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

for the year ended

31 August 2010

TUESDAY



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03/05/2011
COMPANIES HOUSE

Company Registration no 2268092

Registered Charity no 700390

CTC Kingshurst Academy

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CTC Kingshurst Academy

LEGAL AND ADMINISTRATIVE INFORMATION

GOVERNORS (AND DIRECTORS)

The Governors marked # below are Sponsor Governors and Governors marked + are also directors and members of Kingshurst Principal Sponsor All Governors are appointed in accordance with the Articles of Association adopted on 22 August 2008

B G Mason (Chairman) #+*

R D N Somerville CBE (Vice Chairman)#+*

Professor D Eyre# (from 17 Oct 2008)

C Horwath#+*

B K Jones#*

L M Kemp (Staff Governor) (from 22 Oct 2008)

L Lawrence (L A Governor) (from 8 Oct 2009)

J P Leighfield CBE#+

Major General B P McGuinness CB#+

B Maycroft (Parent Governor) (from 11 Dec 2008)

Dr D Moore OBE#+*

D Jamieson (L A Governor) (from 9 Dec 2010)

J A Paterson (from 1 Sept 2009)#

A Pritchard (Parent Governor) (from 11 Dec 2008)

M L Sadler (from 21 Sept 2009)#

R Trudgon (Staff Governor) from 22 Oct 2008)

* Members of the Finance, Facilities and Personnel Committee

PRINCIPAL (AND EX OFFICIO GOVERNOR AND DIRECTOR)

A Jones (Governor appointment from 7 Oct 2008)

SECRETARY

S A Murphy

REGISTERED OFFICE

Cooks Lane
Kingshurst
Birmingham B37 6NZ
Tel 0121 329 8300

COMPANY NUMBER 2268092

CHARITY NUMBER 700390

BANKERS

HSBC Bank plc
354 Bradford Road
Castle Bromwich
Birmingham, B36 9AE

Co-operative Bank plc
P O Box 101
1 Balloon Street
Manchester, M60 4EP

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham B2 5AF

CTC Kingshurst Academy

GOVERNORS' REPORT

For the year ended 31 August 2010

The Governors present their report and the audited financial statements for the year ended 31 August 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The CTC Kingshurst Academy ("the CTC") changed its name from the City Technology College, Kingshurst, following conversion to Academy status on 22 August 2008. As a result a new funding agreement has been signed by the CTC and the Department for Education ("DfE"). The funding agreement specifies all of the key features of the CTC, including admission arrangements, the catchment area from which the students are drawn, curriculum matters, the funding regime and governance arrangements, set out in a revised Memorandum and Articles of Association.

The CTC, as a legal entity, is unchanged and remains a company limited by guarantee and a registered charity. The company does not have a share capital. The company's Memorandum and Articles of Association are the primary governing documents of the CTC.

Members' Liability

Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £5, for the debts and liabilities contracted before he/she ceases to be a member.

Governors

The company's new Articles of Association were adopted on conversion to Academy status on 22 August 2008. The core structure has changed and now provides a single tier structure, with a Board of Governors, who are also directors. The Board of Governors is constituted as follows:

Type of Governor	Number of Governors
Sponsor	Up to 12
Staff	1 teacher, 1 non teaching staff
Parent	2
LEA	1 each from Solihull and Birmingham
Co-opted	Up to 4

The Governors of the CTC are set out on page 1. The Principal is an ex officio governor. At present there are ten Sponsor Governors and there are no co-opted governors. The following, who were Trustees of The City Technology College Kingshurst, ceased to be Directors when the CTC converted to Academy status on 22 August 2008: V J Hammond, J Hedger CB, Prof J S Holman and M J Lamb.

As specified by the DfE, a separate company has been created to appoint sponsor governors. The Kingshurst Principal Sponsor has been established solely for this purpose. Its directors and members are all ex Trustees of the City Technology College, Kingshurst.

The Board of Governors has executive responsibility for the management of the CTC and other group activities. The board meets once per term, in addition there are sub committees covering finance, facilities, personnel and curriculum matters.

Governors now serve for fixed term periods of four years.

New Governors are invited to the CTC to see at first hand the ethos and teaching and learning in action. In addition they are provided with the relevant constitutional documents, as outlined above, minutes of meetings, details of financial performance and the most recent CTC development plan.

CTC Kingshurst Academy

GOVERNORS' REPORT (continued)

For the year ended 31 August 2010

The Members of the CTC are comprised of the following

Type of Member	Number of Members
Principal Sponsor	Up to 10
DfE	1
Chair of Governing body	1

The Members may, by unanimous written resolution, resolve to admit further Members as they deem appropriate

In addition the CTC has established a Parents Consultative Council, to ensure there is an appropriate forum enabling parents to express their views. The Parents' Consultative Council met three times last year, in November 2009, February 2010 and June 2010. Meetings have covered a wide range of subjects including updates on conversion to Academy status, exam results, changes to the CTC timetable extended services and remote access for parents.

Statement of Governors' Responsibilities

The governors are responsible for preparing the Governors' Annual Report and the financial statements in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, United Kingdom Generally Accepted Accounting Practice and applicable law and regulations.

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

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and estimates that are reasonable and prudent,
- c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Subsidiary Company

The CTC has a wholly owned subsidiary company, Kingshurst CTC Enterprises (Holding) Limited, which has interests in two companies. The activities and performance of the two trading companies are considered separately below.

CTC Kingshurst Academy

GOVERNORS' REPORT (continued) For the year ended 31 August 2010

Conversion to Academy Status

Following the CTC's conversion to Academy status in August 2008, the CTC has now entered the Implementation stage of the conversion. This stage comprises a number of elements, most notably a building phase, with an overall budget of £12m, plans for which have been on public display on a number of occasions and the development of a more formalised relationship with another school, details of which remain in the early stages of development. The building phase commenced in summer 2009 and is progressing in line with the scheduled completion date of December 2010. The Governors remain confident that the conversion to Academy status will provide the CTC with the opportunity to maintain its position at the leading edge of developments in education in this country and the conversion is therefore viewed very positively. It is not envisaged there will be any major changes to the operation of the CTC. The Board of Governors will continue to ensure interested parties are informed of developments.

Risk Management

The Governors have a risk management strategy which comprises

- An annual review of the risks the charity may face,
- The establishment of systems and procedures to mitigate risks identified, and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has led to the establishment of a risk register, where the majority of risks have been satisfactorily mitigated. In this way new risks can easily be identified and action taken.

The CTC has identified a number of key risks, which are kept under constant review by the Governors, these include

- The need to ensure the CTC buildings provide a suitable educational environment. The CTC has now entered the implementation phase of its conversion to Academy status, with a budget of £12m of capital funds to invest in CTC buildings. The Governors have implemented further building works, in conjunction with the main contract, to address a number of issues identified with the current facilities. Close budgetary control is in place and will continue to be necessary to ensure a successful outcome.
- The need to ensure the proposed conversion to Academy status will be on a basis that enables the CTC to continue to fulfil its aims and objectives. Trustees and Governors undertook a thorough feasibility review before agreeing to the conversion to Academy status and were satisfied that the CTC would be able to continue to fulfil its aims and objectives.
- The need to ensure the CTC is underpinned by a solid financial base. Current revenue funding levels were guaranteed until 2011 and were then subject to Government funding reviews. The Governors are aware this may change as a result of the current Comprehensive Spending Review.

A key element in the management of financial risk is the setting of a reserves strategy and its regular review by the Governors. The Governors consider that the current level of reserves is sufficient to meet working capital and other day-to-day operating requirements, whilst investing in developing its facilities and resources. Constant efforts are, however, being made to increase the level of reserves in order that the CTC can further its charitable aims and objectives.

CTC Kingshurst Academy

GOVERNORS' REPORT (continued)

For the year ended 31 August 2010

Statement on the system of internal finance control

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

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance, Facilities and Personnel 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

To ensure that the CTC has effective and appropriate system of control, financial and otherwise, the Governors appointed Jackie Paterson, a Governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and the discharge of the governing body's financial responsibilities.

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

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

The principal object and activity of the CTC is to advance, for the public benefit, education in the United Kingdom 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, technology and the visual arts.

The major activity of the company is the operation of the CTC Kingshurst Academy to advance for the public benefit education for students of different abilities between the ages of 11 and 19. The main objectives of the CTC, which are set out in the Development Plan, are summarised below:

- 1 To be a learning institution with outstanding teaching and learning and thereby to raise the standard of educational achievement of all students,

CTC Kingshurst Academy

GOVERNORS' REPORT (continued)

For the year ended 31 August 2010

- 2 To improve the effectiveness of the CTC via a range of curriculum and teaching developments
 - a Providing challenge for students in all subject areas, across all key stages ,
 - b Improving teacher assessment, tracking, target setting and intervention strategies across all key stages ,
 - c Enabling more learners to make two levels progress at key stage 3, through improved understanding of learning and progression ,
 - d Enhance the focus on personalised learning and developing independent learners ,
 - e Develop the use of recent innovations in ICT, particularly learning platforms and other blended learning opportunities to transform learning ,
- 3 To improve the effectiveness in pastoral care in the CTC via a range of curriculum and teaching developments
 - a Further develop approaches to Every Child Matters, incorporating the Children's Plan and SEAL ,
 - b Make greater use of Student Voice opportunities ,
 - c Widen opportunities for spiritual development ,
- 4 To provide value for money for the funds expended,
- 5 To comply with all appropriate statutory and curriculum requirements,
- 6 To work collaboratively with a range of institutions, in particular both Local Education Authorities (Birmingham and Solihull) to achieve the objectives of our Community Development Plan and enhance extended school opportunities ,
- 7 To continue to maintain close links with industry and commerce, and
- 8 To conduct our business in accordance with the highest standards of integrity, probity and openness

The management structure consists of a Principal, a Director for Finance, Facilities and Personnel, four Vice Principals and seven Assistant Principals They constitute the College Senior Leadership Team

The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels

The Governors have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission

ACHIEVEMENTS AND PERFORMANCE

The CTC has now completed its twenty first year of operation and continues to achieve the forecast numbers of students Total funded students now number 1,589 (2008/09 1,602 students) and the CTC has a full complement in all year groups

The CTC ethos is aimed at developing the confidence and self esteem of students This is achieved and promoted through a range of curricular and extra-curricular activities involving the local community, industry, primary schools, other higher education institutions and international links

Examination results 2010 pre-16 continue to be positive 91% (2009 – 85%) of students gained 5 or more grades A*- C or equivalent, the national average was 69.1% (2009 – 67.1%) Within the overall result, students gaining C grade or higher were 78.6% (2009 – 88.7%) in English and 71.7% (2009 – 60.7%) in Maths, the national averages were 64.7% (2009 – 62.7%) and 58.4% (2009 – 57.2%) respectively The CTC has worked hard to improve the Maths result and the measures taken are expected to continue to improve performance in the forthcoming academic year

Results for the OCR National were positive, 100% (2009 – 97%) of students achieved the OCR Level 2 National Award in Science or OCR Level 2 National Certificate in Science Of the 100%, 83% gained the Certificate and 17% gained the Award The Certificate is equivalent to 4 GCSEs and the Award 2 GCSE's

CTC Kingshurst Academy

GOVERNORS' REPORT (continued)

For the year ended 31 August 2010

The post-16 results were equally pleasing with very good results in the International Baccalaureate. Students achieved an average point score of 30 (2009 – 30).

Excellent results were also achieved in BTEC with the following post-16 courses achieving 100% pass rate, Art and Design, Children's Care, Textiles, IT Practitioners, Engineering, Music, Public Services (Uniformed) and Travel and Tourism. 75% of students achieved their BTEC National Diploma and 25% achieved their BTEC National Certificate in Health and Social Care. 73% of students achieved their BTEC National Diploma and 27% achieved their BTEC National Award in Sport and Exercise Science. 94% of all BTEC students achieved their National Diploma. The pass rate in 2009 was 93%.

The KS3 results were again excellent and far above the national figures.

	CTC %	CTC %	National	National
	2010	2009	2010	2009
English				
Level 5 and above	99.1	98.8	79	77
Level 6 and above	75.8	68.8	43	41
Maths				
Level 5 and above	94.6	94.6	80	79
Level 6 and above	68	69.6	58	58
Science				
Level 5 and above	94.6	84.2	80	78
Level 6 and above	60.24	39.2	48	46

The Governors are pleased to report the continuing high level of attendance at the CTC. The Principal and her staff monitor all absence and it is dealt with in the most appropriate manner. In 2009/10 the rate of unauthorised absence was 1.09%.

OPERATING AND FINANCIAL REVIEW

Most of the CTC's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2009/10 and the associated expenditure are shown as restricted funds in the Consolidated Statement of Financial Activities on pages 13 and 14.

The CTC also receives capital grants from the DfE and donations from industrial and commercial sponsors. In accordance with DfE accounting rules and the Charities SORP, these grants are shown as restricted fixed asset funds in the Consolidated Statement of Financial Activities and Balance Sheet. These funds are increased by grants receivable and decreased by depreciation of those fixed assets funded by the grants. Other donations from industrial and commercial sponsors are shown as restricted or unrestricted funds as appropriate.

The income and expenditure of Technotots (Holdings) Limited are included in the Consolidated Statement of Financial Activities. The retained loss for the year for Technotots (Holdings) Limited for the year was £29,031 (2009 Loss £569,269). Kingshurst CTC Enterprises Limited is now dormant.

At 31 August 2010 the net book value of tangible assets for the group was £17,449,751 (CTC £17,449,751) and movements in tangible assets are shown in note 11 to the financial statements. The assets are principally used for providing education and associated support services to the students of the CTC.

The group's total funds at 31 August 2010 were £22,012,335, comprising of £16,675,416 restricted funds and £5,336,919 unrestricted funds.

The CTC is committed to adhere to best practice in dealing with its suppliers and achieves an average of 33 creditor days (calculated in accordance with Companies Act 2006 regulation 2008 (SI 2008/410)).

CTC Kingshurst Academy

GOVERNORS' REPORT (continued)

For the year ended 31 August 2010

Under the Memorandum and Articles of Association, the charity has wide powers to invest its reserves. Under charity law trustees have a responsibility to maximise returns on funds. As a result the Trustees / Governors reviewed their approach in 2006-07 and concluded they could achieve a better return, whilst still managing their risk. To this end a Discretionary Fund Manager, Citi Quilter, was appointed, with whom investment parameters aimed at mitigating risk, were agreed. Funds were invested in a mixture of short-term money market deposits and Unit Trust Funds. The performance of these funds has marginally improved in 2009-10 after its disappointing performance in 2008-09 due to the impact of the global "credit crunch". The realised and unrealised gains during the year amounted to £88,292, with the total market value of investments at 31 August 2010 standing at £3,290,631. The Governors, based upon advice from the CTC's Independent Financial Adviser and Citi Quilter, have concluded that it is in the best interests of the CTC to retain the funds, rather than realise the losses.

TRADING COMPANIES

As referred to above, the CTC has a wholly owned subsidiary company, Kingshurst CTC Enterprises (Holding) Limited which has interests in two companies. The activities and performance of the two trading companies can be summarised as follows:

KINGSHURST CTC ENTERPRISES LIMITED

Kingshurst CTC Enterprises Limited ("Enterprises") is a wholly owned subsidiary of Kingshurst CTC Enterprises (Holding) Limited.

Enterprises sold its regeneration business to Faber Maunsell, a major consultancy business, on 31 October 2006 and transferred its Multimedia division to the CTC on 28 February 2008. Since these changes, the remaining operations of Enterprises, which largely consisted of the final monitoring phase of its original long term regeneration contracts with Surrey County Council, have been wound down by the Directors. The Company has now ceased to trade.

TECHNOTOTS (HOLDINGS) LIMITED

Technotots (Holdings) Limited ("THL") is a wholly owned subsidiary of Kingshurst CTC Enterprises (Holding) Limited. THL was granted a 99 year lease on a parcel of unused land by the CTC in autumn 2000 to support the construction of a new nursery on the CTC site.

From 7 December 2005 the activity of THL was to sub-let the nursery referred to above to Technotots (Birmingham) Limited ("TBL"), trading as Child First Centres. Child First Centres acquired a 90% shareholding in TBL on that date, with THL retaining 10%.

Between January 2008 and August 2009 TBL struggled to maintain occupancy levels at the nursery and as a result has been unable to fulfil its rental obligations to THL.

The situation with the nursery tenant caused serious cash flow difficulties for THL to the extent that the repayments of the bank loan became difficult to fund. In order to provide a longer term solution, the directors, with the cooperation of the governors of CTC Kingshurst Academy ("the CTC") (its parent undertaking), surrendered the lease on the nursery premises to the CTC for a premium of £510,000 on 30 September 2009. This sum was used to repay the bank loans from the Co-operative Bank entirely and to settle THL's other liabilities, including the amount owed to the CTC. The CTC granted a revised lease on the nursery premises to Technotots (Birmingham) Limited on the same date.

THL effectively ceased trading on 30 September 2009, as the sub-let of the nursery premises was its sole activity.

The result for the year ended 31 August 2010 was a loss of £29,031.

The activities of THL have been consolidated into these accounts. TBL is accounted for as an investment as set out in note 12.

CTC Kingshurst Academy

GOVERNORS' REPORT (continued) For the year ended 31 August 2010

STAFF

The Governors would also like to record their thanks to all of the staff for their support over the year to the CTC and for their continued excellent efforts in maintaining the innovative curriculum and high level of motivation of the students

The Governors continue to stress the importance of continuous staff development and the maintenance of quality through the Investors in People accreditation. The CTC system of staff training credits has proved very successful and will be continued.

DISABLED PERSONS

Lifts, ramps and disabled toilets are installed and door widths are such that wheelchair access to all the main areas of the CTC is possible. The policy of the CTC is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the CTC, as well as generally through training and career development.

EMPLOYMENT POLICIES

The CTC operates employment policies that are designed to provide equal opportunities for all staff irrespective of age, sex, colour or ethnic origin. A performance management system is in operation that relates to an individual's personal development.

HEALTH AND SAFETY

The Governors are committed to provide a safe environment for both staff and students. Special consideration is given to the safety requirements of all visits and trips.

SECURITY

The CTC has a range of security measures installed and the Governors monitor the situation on a regular basis.

SPONSORS AND SUPPORTERS

The Governors acknowledge the continuing support, both financial and in other ways, that they have received from the sponsors and supporting companies. The CTC looks forward to expanding further these various contacts to the benefit of the students and the curriculum.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

CTC Kingshurst Academy

GOVERNORS' REPORT (continued) For the year ended 31 August 2010

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as Auditor will be put to the members at the annual general meeting

By order of the board



Bryan Mason
Governor

09 December 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CTC KINGSHURST ACADEMY

We have audited the group and parent charity financial statements of CTC Kingshurst Academy ("the financial statements") for the year ended 31 August 2010 which comprise the Consolidated Statement of Financial Activities, Consolidated Summary Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Consolidated and Parent Charitable Company Balance Sheet, the Consolidated Cash Flow Statement, and related notes

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

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

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

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

BASIS OF AUDIT OPINION

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CTC KINGSHURST ACADEMY (continued)

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

OPINION

In our opinion

- the financial statements give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education in respect of the relevant financial year,
- Grants made by the Department for Education have been applied for the purposes intended, and
- the information given in the Governors' Annual Report is consistent with the financial statements

Baker Tilly UK Audit LLP

MICHAEL HUGGINS (Senior Statutory Auditor)
For and behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

1 December 2010

CTC Kingshurst Academy

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2010

	<i>Note</i>	<i>Un- restricted funds £</i>	<i>Restricted general funds £</i>	<i>Restricted fixed asset funds £</i>	<i>Total 2010 £</i>	<i>Total 2009 £</i>
INCOMING RESOURCES						
Incoming resources from generated funds						
- Voluntary income	3	1,645	-	-	1,645	3,930
Activities for generating funds						
- Discontinued operations		4,250	-	-	4,250	81,579
Investment income	4	82,703	-	-	82,703	147,646
Incoming resources from charitable activities						
- Funding for the CTC's educational operations	2	-	10,451,963	6,396,767	16,848,730	12,836,820
- Other income	5	1,900,601	-	-	1,900,601	1,844,333
TOTAL INCOMING RESOURCES		<u>1,989,199</u>	<u>10,451,963</u>	<u>6,396,767</u>	<u>18,837,929</u>	<u>14,914,308</u>
RESOURCES EXPENDED						
Costs of generating funds						
- Discontinued operations		21,799	-	-	21,799	103,589
- Impairment	11	-	-	-	-	543,434
- Investment Management Costs		-	23,628	-	23,628	18,702
Charitable activities for public benefit						
- CTC's educational operations		1,071,936	9,474,474	406,800	10,953,210	10,896,612
- Impairment	11	-	-	-	-	1,666,266
Governance costs		-	123,892	-	123,892	140,409
TOTAL RESOURCES EXPENDED	6	<u>1,093,735</u>	<u>9,621,994</u>	<u>406,800</u>	<u>11,122,529</u>	<u>13,369,012</u>
NET INCOMING RESOURCES BEFORE TRANSFERS						
- Continuing operations		913,013	829,969	5,989,967	7,732,949	2,110,159
- Discontinued operations		(17,549)	-	-	(17,549)	(564,863)
		<u>895,464</u>	<u>829,969</u>	<u>5,989,967</u>	<u>7,715,400</u>	<u>1,545,296</u>
Transfer between funds	16	-	(2,938,446)	2,938,446	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>895,464</u>	<u>(2,108,477)</u>	<u>8,928,413</u>	<u>7,715,400</u>	<u>1,545,296</u>

CTC Kingshurst Academy

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (continued) for the year ended 31 August 2010

	<i>Notes</i>	<i>Un- restricted funds £</i>	<i>Restricted general funds £</i>	<i>Restricted fixed asset funds £</i>	<i>Total 2010 £</i>	<i>Total 2009 £</i>
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		895,464	(2,108,477)	8,928,413	7,715,400	1,545,296
Realised and unrealised gains/(losses) on investment assets	12	88,292	-	-	88,292	(240,278)
Actuarial (losses)/gains on defined benefit pension scheme	27	-	(109,000)	-	(109,000)	30,000
NET MOVEMENT IN FUNDS		983,756	(2,217,477)	8,928,413	7,694,692	1,335,018
Total funds at 1 September		4,353,163	2,257,228	7,707,252	14,317,643	12,982,625
Total funds at 31 August		5,336,919	39,751	16,635,665	22,012,335	14,317,643

The Statement of Financial Activities analyses all the capital and income resources and expenditure of the group during the year and reconciles the movements in funds. Further analysis of the income and expenditure for the year is shown on page 15 and the overall position at the end of the year is summarised in the Balance Sheet on page 17.

Note 17 sets out the Governors' allocation of unrestricted fund balances carried forward for designated purposes.

CTC Kingshurst Academy

INCOME AND EXPENDITURE ACCOUNTS for the year ended 31 August 2010

	<i>Notes</i>	Group 2010 £	CTC 2010 £	Group 2009 £	CTC 2009 £
INCOME					
General Annual Grant (GAG)	2	9,661,986	9,661,986	9,830,170	9,830,170
Other DfE grants	2	789,977	789,977	1,327,564	1,327,564
Private sector sponsorship	3	1,645	1,645	3,930	3,930
Investment income	4	82,703	82,703	147,646	147,065
Other income	5	1,900,601	1,912,083	1,844,333	1,617,680
Trading income of subsidiaries		4,250	-	81,579	-
TOTAL INCOME		12,441,162	12,448,394	13,235,222	12,926,409
- Continuing operations		12,436,912	12,448,394	13,153,062	12,926,409
- Discontinued operations		4,250	-	82,160	-
		12,441,162	12,448,394	13,235,222	12,926,409
EXPENDITURE					
GAG related expenditure		9,492,994	9,492,994	9,182,165	9,182,165
Depreciation	11	118,458	118,458	2,413,282	1,858,206
Other expenditure		1,199,064	1,199,064	1,415,918	1,415,918
Trading company expenses		21,799	-	91,979	-
TOTAL EXPENDITURE		10,832,315	10,810,516	13,103,344	12,456,289
- Continuing operations		10,810,515	10,810,516	12,456,289	12,456,289
- Discontinued operations		21,800	-	647,055	-
		10,832,315	10,810,516	13,103,344	12,456,289
EXCESS OF INCOME OVER EXPENDITURE					
		1,608,847	1,637,878	131,878	470,120
- Continuing operations		1,626,397	1,637,878	696,773	470,120
- Discontinued operations		(17,550)	-	(564,895)	-
		1,608,847	1,637,878	131,878	470,120
Corporation tax credit	7	-	-	32	-
		1,608,847	1,637,878	131,910	470,120

The Income and Expenditure Account is derived from the Statement of Financial Activities on pages 13 and 14 which together with the notes to the financial statements on pages 23 to 43 provide full information on the movements during the year on all the funds of the CTC

CTC Kingshurst Academy

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 August 2010

	<i>Notes</i>	<i>Group 2010 £</i>	<i>CTC 2010 £</i>	<i>Group 2009 £</i>	<i>CTC 2009 £</i>
EXCESS OF INCOME OVER EXPENDITURE (Page 15)		1,608,847	1,637,878	131,910	470,120
Capital grants deferred		6,396,767	6,396,767	1,679,086	1,679,086
Actuarial (losses)/gains on defined benefit pension schemes	27	(109,000)	(109,000)	30,000	30,000
		7,896,614	7,925,645	1,840,996	2,179,206
Notional amortisation of grants deferred		(290,214)	(290,214)	(265,700)	(265,700)
Realised and unrealised losses on investment assets	12	88,292	88,292	(240,278)	(240,278)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR AS PER STATEMENT OF FINANCIAL ACTIVITIES (page 14)		<u>7,694,692</u>	<u>7,723,723</u>	<u>1,335,018</u>	<u>1,673,228</u>

CTC Kingshurst Academy

BALANCE SHEETS

31 August 2010

Company Registration no 2268092

	<i>Notes</i>	<i>Group</i> 2010 £	<i>CTC</i> 2010 £	<i>Group</i> 2009 £	<i>CTC</i> 2009 £
FIXED ASSETS					
Tangible assets	11	17,449,751	17,449,751	8,090,508	7,580,508
Investment assets	12	3,290,631	3,290,631	3,155,184	3,155,184
Investments in subsidiaries	12	-	4	-	29,034
Investment in Technotots (Birmingham) Limited	12	1	-	1	-
		<u>20,740,383</u>	<u>20,740,386</u>	<u>11,245,693</u>	<u>10,764,726</u>
CURRENT ASSETS					
Debtors	13	1,188,927	1,188,928	474,372	512,165
Cash at bank and in hand		3,875,625	3,875,625	4,889,565	4,883,921
		<u>5,064,552</u>	<u>5,064,553</u>	<u>5,363,937</u>	<u>5,396,086</u>
CREDITORS Amounts falling due within one year	14	(3,399,600)	(3,400,059)	(2,136,987)	(1,688,624)
NET CURRENT ASSETS		<u>1,664,952</u>	<u>1,664,494</u>	<u>3,226,950</u>	<u>3,707,462</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,405,335	22,404,880	14,472,643	14,472,188
CREDITORS Amounts falling due after more than one year	15	-	-	-	-
Pension provision	27	(393,000)	(393,000)	(155,000)	(155,000)
NET ASSETS		<u>22,012,335</u>	<u>22,011,880</u>	<u>14,317,643</u>	<u>14,317,188</u>
FUNDS					
Restricted fixed asset fund	16	16,635,665	16,635,665	7,707,252	7,707,252
Restricted general income funds	16	432,751	432,751	2,412,228	2,412,228
Restricted pension reserve	27	(393,000)	(393,000)	(155,000)	(155,000)
TOTAL RESTRICTED FUNDS		<u>16,675,416</u>	<u>16,675,416</u>	<u>9,964,480</u>	<u>9,964,480</u>
Unrestricted income funds	17	5,336,464	5,336,464	4,323,677	4,323,677
Unrestricted investment revaluation reserve	12	-	-	-	29,031
Non charitable trading funds	17	455	-	29,486	-
TOTAL FUNDS		<u>22,012,335</u>	<u>22,011,880</u>	<u>14,317,643</u>	<u>14,317,188</u>

The financial statements on pages 13 to 43 were approved by the Governors and authorised for issue on 09 December 2010 and are signed on its behalf by

Bryan Mason
Governor



CTC Kingshurst Academy

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 August 2010

	<i>Notes</i>	2010 £	2009 £
OPERATING ACTIVITIES			
RECEIPTS			
Funding for the CTC's educational operations		10,451,963	11,157,734
Private sector sponsorship	3	1,645	3,930
Other receipts		2,122,748	1,524,926
		<u>12,576,356</u>	<u>12,686,590</u>
PAYMENTS			
Staff costs		(8,043,977)	(7,495,611)
Other cash payments		(2,459,874)	(2,696,456)
		<u>(10,503,851)</u>	<u>(10,192,067)</u>
Net cash inflow from operating activities	21	2,072,505	2,494,523
Returns on investments and servicing of finance	22	74,238	137,250
Taxation		-	(19,368)
Capital (expenditure)/income			
Building and capital grants		5,466,985	1,679,086
Purchase of tangible fixed assets		(8,147,915)	(2,370,458)
Purchases of investment assets	12	(1,264,669)	(2,260,779)
Sales of investment assets	12	726,004	2,542,681
		<u>(1,072,852)</u>	<u>2,202,935</u>
(Decrease)/Increase in Net Funds			
Management of liquid resources – (increase) / decrease in cash investments		498,028	(368,971)
Financing – repayment of loans		(439,116)	(46,610)
(Decrease)/Increase in cash in the year	23	<u>(1,013,940)</u>	<u>1,787,354</u>
Reconciliation of net cash flow to movement in net funds			
		2010 £	2009 £
(Decrease)/increase in cash		(1,013,940)	1,787,354
Decrease on bank loans		439,116	46,610
Net funds at 1 September		4,450,449	2,616,485
Net funds 31 August (Note 23)		<u>3,875,625</u>	<u>4,450,449</u>

CTC Kingshurst Academy

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historic cost convention, the Charities Act, the Companies Act 2006, and in accordance with Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards. Investments are re-valued to market value at the year end, in accordance with the SORP.

BASIS OF CONSOLIDATION

The Consolidated Statement of Financial Activities (SOFA), Income and Expenditure Account and Balance Sheet consolidate the financial statements of CTC Kingshurst Academy (the charity) and its subsidiary undertakings, Kingshurst CTC Enterprises Limited and Technotots (Holdings) Limited. The results of the subsidiaries are consolidated on a line-by-line basis. No SOFA is presented for CTC as allowed by paragraph 397 of SORP 2005.

FUND ACCOUNTING

General funds represent those resources which may be used towards meeting any of the objects of the charity at the discretion of the Governors.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

FORMAT OF ACCOUNTS

Restricted fund	Recurrent grants from DfE and other restricted grants
Unrestricted fund	CTC earned income and donations with no restrictions attached including income from the trading subsidiaries
Restricted fixed asset fund	Fixed asset grants from DfE and private sponsors and other grants from DfE used to finance fixed asset additions

INCOMING RESOURCES

All incoming resources including those received for specific purposes, e.g. fixed asset grants, are included in the Statement of Financial Activities. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the appropriate restricted fund on the balance sheet.

Donations and Grants

Income from Donations and Grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

CTC Kingshurst Academy

ACCOUNTING POLICIES (continued)

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.

Donations

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the CTC is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the CTC in the period in which they are receivable, and where the benefit is both quantifiable and material.

Interest receivable

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

Rental income

Rental income is included in the Statement of Financial Activities on a straight line basis over the lease term.

RESOURCES EXPENDED

In accordance with the charities SORP, expenditure is recognised when a liability is incurred and has been analysed between costs of generating funds and charitable expenditure.

The costs associated with the operation of CTC Kingshurst Academy are included as charitable expenditure and are analysed between the direct costs of the provision of education, allocated support costs and governance costs. Items of expenditure that involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, for example depreciation is apportioned based on the capacity of accommodation utilised. Governance costs comprise the costs of running the group, including external audit, any legal advice taken by the group, and all the costs of complying with constitutional and statutory requirements, such as the costs of board and committee meetings and of preparing statutory accounts and satisfying public accountability.

Costs incurred by the two subsidiary companies are included in the costs of generating funds. Costs incurred by Kingshurst Training and Multimedia are included within CTC's educational operations under unrestricted funds in the Consolidated Statement of Financial Activities, following the transfer of these divisions from Kingshurst CTC Enterprises Limited.

TANGIBLE FIXED ASSETS

Tangible fixed assets acquired since the CTC was established are included in the accounts at cost. Assets inherited on establishment of the CTC are assumed to be fully depreciated and are not included in the accounts. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic lives. The related grants are credited to the restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet) and the depreciation on the appropriate assets is charged to this fund such that the remaining carrying value of the grants at each year-end is represented by the net book value of the funded assets.

Assets under construction are accounted for at cost based on architects' certificates and other direct costs, incurred to 31 August. They are not depreciated until they are brought into use.

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

CTC Kingshurst Academy

ACCOUNTING POLICIES (continued)

DEPRECIATION

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are

Long leasehold property	Over the remaining lease term
Buildings refurbishments	Between 5 and 30 years straight line
Furniture and equipment	Between 1 and 5 years straight line
Computer equipment and software	Between 1 and 4 years straight line
Motor vehicles	Over 4 years straight line

Individual items costing less than £1,000 are not capitalised

INVESTMENTS

Investments in securities are shown in the Financial Statements at their market value at the Balance Sheet date. Movements in the valuation of investments are shown as realised and unrealised gains and losses in the statement of financial activities.

Long-term investments are described as participating interests and are classified as fixed assets.

Investments are stated at open market value.

TAXATION

The CTC is a registered charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. Liabilities to tax included in the financial statements relate to the subsidiary undertakings. Kingshurst CTC Enterprises Limited was partially exempt from Value Added Tax ("VAT") up to 31 March 2007, when the registration changed to the standard rated method. Where appropriate certain expenditure includes VAT.

PENSIONS

Teachers Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education and is contracted out of the State Earnings Related Pension Scheme. As the CTC is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the CTC 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 CTC in the year. The contribution rates are determined by qualified actuaries on the basis of quinquennial valuations, using a prospective benefit method. Note 27 to the Financial Statements gives further details of the scheme.

Local Government Pension Scheme

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a statutory, contributory, final salary scheme and is contracted out of the State Earnings Related Pension Scheme. It is able to identify the CTC's share of assets and liabilities and the requirements of FRS17. Retirement Benefits, have been followed. Note 27 to the Financial Statements gives the disclosures required by FRS17.

CTC Kingshurst Academy

ACCOUNTING POLICIES (continued)

Local Government Pension Scheme (continued)

A liability is recognised in the balance sheet in respect of the LGPS which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. The assets of the LGPS are measured at current bid price. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Past-service costs are recognised immediately in income, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period. Actuarial gains and losses are recognised in reserves in the year in which they arise.

OPERATING LEASES

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the period of the lease.

RESERVES

The Governors have determined that it is appropriate for the CTC to accumulate general reserves in a contingency fund over the forthcoming years. This is shown in note 17 as designated to fund capital projects. However, the Governors continually monitor the CTC's financial situation and, if circumstances require, capital projects may be deferred in order to fund day to day operations.

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2010

1. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The charity has, via an intermediate holding company, two wholly owned trading subsidiaries, Kingshurst CTC Enterprises Limited ("Enterprises") and Technotots (Holdings) Limited ("THL"), which are incorporated in the UK. The subsidiaries' principal activities in the year under review were as follows

Kingshurst CTC Enterprises Limited -

The company's operations which consisted largely of the final monitoring phase of long term regeneration contracts with Surrey County Council, have been wound down by the Directors. The Company has now ceased to trade

Technotots (Holdings) Limited -

The sub-letting of premises used as a children's nursery facility at Cooks Lane, Kingshurst, Birmingham to Technotots (Birmingham) Limited, trading as Child First Centres. The company effectively ceased trading on 30 September 2009 when the lease of the premises was surrendered to the CTC

Audited accounts are filed with the Registrar of Companies annually. The profit and loss accounts of Enterprises and THL for the year are as follows. All amounts relate to discontinued operations

	Enterprises	THL	TOTAL	Enterprises	THL	TOTAL
	2010	2010	2010	2009	2009	2009
	£	£	£	£	£	£
Income	-	4,250	4,250	3,996	77,583	81,579
Net Operating Expenses	-	(10,079)	(10,079)	(43)	(76,555)	(76,598)
Operating (loss)/profit	-	(5,829)	(5,829)	3,953	1,028	4,981
Exceptional items						
Early settlement of loans	-	(21,254)	(21,254)	-	(543,434)	(543,434)
Gift Aid Payment	-	-	-	(4,405)	-	(4,405)
Loss on ordinary activities before interest	-	(27,083)	(27,083)	(452)	(542,406)	(542,858)
Interest receivable	-	-	-	433	147	580
Interest payable	-	(1,948)	(1,948)	-	(27,023)	(27,023)
Loss on ordinary activities before tax	-	(29,031)	(29,031)	(19)	(569,282)	(569,301)
Taxation	-	-	-	19	13	32
Retained loss in subsidiary	-	(29,031)	(29,031)	-	(569,269)	(569,269)
Net assets at 31 August	459	-	459	459	29,031	29,490

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

2. FUNDING FOR THE CTC'S EDUCATIONAL OPERATIONS

	2010 £	2009 £
General annual grant	9,661,986	9,830,170
Academy start up grants	-	607,789
Discretionary DfE grants		
- capital grants	197,621	251,295
- building grants	6,199,146	1,427,791
- other	789,977	719,775
	<u>16,848,730</u>	<u>12,836,820</u>
Other restricted grant	-	-
Per Statement Of Financial Activities	<u>16,848,730</u>	<u>12,836,820</u>

3. VOLUNTARY INCOME

	2010 £	2009 £
Private sector sponsorship -		
Received in cash	-	2,500
Received in kind	1,645	1,430
	<u>1,645</u>	<u>3,930</u>

4. INVESTMENT INCOME

	Group 2010 £	CTC 2010 £	Group 2009 £	CTC 2009 £
Investment securities - UK	70,783	70,783	89,144	89,144
Interest received	11,920	11,920	58,502	57,921
	<u>82,703</u>	<u>82,703</u>	<u>147,646</u>	<u>147,065</u>

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2010

5. OTHER INCOME

	Group 2010 £	CTC 2010 £	Group 2009 £	CTC 2009 £
CTC activities	269,626	269,626	287,496	287,496
Kingshurst Training	885,683	885,683	679,651	679,651
Multimedia	88,242	88,242	145,359	145,359
Amortisation of negative goodwill	-	-	231,058	-
Sundry income	606,050	617,532	500,769	500,769
Nursery rent	51,000	51,000	-	-
Gift aid received from subsidiary company	-	-	-	4,405
Per Statement Of Financial Activities	1,900,601	1,912,083	1,844,333	1,617,680
Other restricted grant	-	-	-	-
Per Income and Expenditure Accounts	1,900,601	1,912,083	1,844,333	1,617,680

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

(a)	Staff Costs 2010 £	Deprec- iation 2010 £	Other Costs 2010 £	Total 2010 £	Total 2009 £
Costs of generating funds	-	-	45,427	45,427	665,725
CTC's Educational Operations-					
- Direct costs	6,660,070	390,564	1,335,996	8,386,630	9,700,984
- Allocated support costs	1,498,027	18,108	1,050,445	2,566,580	2,861,894
	8,158,097	408,672	2,386,441	10,953,210	12,562,878
Governance costs	10,880	-	113,012	123,892	140,409
TOTAL RESOURCES EXPENDED	8,168,977	408,672	2,544,880	11,122,529	13,369,012

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

6. ANALYSIS OF TOTAL RESOURCES EXPENDED (continued)

(b)	Group 2010 £	Group 2009 £
The total resources expended (total expenditure) includes the following:		
Auditors' remuneration – Audit services to the group	16,548	26,240
- Taxation	2,030	2,984
Governors' expenses (note 8)	4,009	6,629
Interest payable on bank loans and overdrafts	1,948	27,023
Other operating leases	88,047	88,047

(c)	CTC 2010 £	CTC 2009 £
CTC's Educational Operations -		
Direct Costs		
Teaching and educational support staff costs	6,151,657	5,758,886
Kingshurst Training staff costs	508,413	486,920
Depreciation	390,564	2,105,798
Educational supplies & services	352,066	383,721
Printing photocopying & general expenses	272,621	263,709
Staff recruitment and development	151,650	179,367
Music lessons	26,359	36,436
Trips & project costs	374,698	329,407
Kingshurst Training other costs	158,602	156,740
	<u>8,386,630</u>	<u>9,700,984</u>

Allocated Support Costs

Support staff costs	1,373,027	1,239,341
Support staff pension provision	125,000	181,000
Depreciation	18,108	18,108
Maintenance of premises and equipment	179,154	366,146
Other occupancy costs	354,174	430,720
Catering	246,358	331,035
Office costs	105,310	135,164
Technology costs	165,449	160,380
	<u>2,566,580</u>	<u>2,861,894</u>

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

6. ANALYSIS OF TOTAL RESOURCES EXPENDED (continued)

(c) (continued)	CTC 2010 £	CTC 2009 £
Governance Costs		
Staff Costs	4,000	4,000
Support costs	10,879	10,464
Legal and professional fees	88,456	94,706
Audit fees	16,548	24,610
Governors reimbursed expenses	4,009	6,629
	<u>123,892</u>	<u>140,409</u>

7. TAXATION

	2010 £	2009 £
The corporation tax credit is made up as follows		
Current year charge	-	-
Prior year adjustments	-	(32)
	<u>-</u>	<u>(32)</u>

The tax charge arises from the operating activities of Kingshurst CTC Enterprises Limited and Technotots (Holdings) Limited, as the CTC, being a registered charity, is exempt from Income and Corporation taxes. As such the reconciliation of the tax charge for the year is based on the results of the two subsidiaries only and is proved as follows:

	Enterprises 2010 £	THL 2010 £	TOTAL 2010 £	TOTAL 2009 £
(Loss) subject to corporation tax	-	(29,031)	(29,031)	(569,282)
Anticipated tax at 21% (2009: 21%)	-	(6,097)	(6,097)	(119,549)
Tax effect of				
Losses carried forward	-	6,097	6,097	2,983
Expenses not deductible for tax purposes	-	-	-	116,566
Adjustments in respect of prior year	-	-	-	(32)
Credit per the accounts	-	-	-	(32)

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

8. EMOLUMENTS OF GOVERNORS

The Governors who were employed by the CTC during the year received no remuneration other than that received for their services as employees

No other Governor of the CTC received any payments from the CTC other than reimbursement of travel and subsistence expenses incurred in the course of their duties. Travel and subsistence expenses reimbursed in the year to 31 August 2010 total £4,009 (2009 £6,629)

Travel and subsistence expenses were paid to 4 Governors during the year (2009 4)

9. STAFF COSTS

	2010 <i>Number</i>	2009 <i>Number</i>
The average number of persons (including senior post holders) employed by the CTC during the period was		
Total employees of the CTC	279	269
Full time equivalents		
Management	13	13
Administration and support	110	117
Teachers	122	107
	245	237

STAFF COSTS FOR THE ABOVE PERSONS

	2010 £	2009 £
Wages and salaries	6,644,974	6,185,265
Social security costs	501,170	460,353
Medical insurance	6,132	4,700
Other pension costs	848,177	871,504
Total staff costs of the CTC	8,000,453	7,521,822

EMOLUMENTS OF STAFF

	2010 <i>Number</i>	2009 <i>Number</i>
Number of staff of the CTC earning within the following bands		
£60,000 to £70,000	-	-
£70,001 to £80,000	1	1
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1

One of the two members of staff referred to above is a member of the TPS and the other is a member of the LGPS. Total company pension contributions in respect of these members during the year was £24,201 (2009 £22,233)

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

9. STAFF COSTS (Continued)

	2010	2009
PENSIONS		
Other pension costs comprise (group) -		
Teachers Pension Scheme	545,654	521,378
Local Government Pension Scheme	302,523	350,126
	<u> </u>	<u> </u>

TEACHERS' PENSION SCHEME (TPS)

Certain of the CTC's teachers belong to the Teachers' Pension Scheme England and Wales (TPS), which is a defined benefit (final salary) scheme. Further details of this scheme are shown at note 27.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

Membership of the LGPS, a defined benefit (final salary) scheme, is available to non-teaching staff. Further details of this scheme are shown at note 27.

10. GOVERNORS' AND OFFICERS' INSURANCE

The CTC has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on CTC business. The insurance provides cover for up to £5,000,000 on any one claim and the cost for the year is included in the premium paid for Public Liability Insurance and cannot therefore be separately identified.

The CTC also insures against any losses of money or goods resulting from dishonesty by CTC employees. The insurance cover provides cover up to £250,000. The premium cost of this insurance cannot be separately identified.

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

11. TANGIBLE ASSETS

(a) GROUP

	<i>Land and buildings (long leasehold)</i> £	<i>Assets in the course of construction</i> £	<i>Computer equipment, fixtures and fittings</i> £	<i>Total</i> £
COST				
At 1 September 2009	10,702,938	1,819,854	2,615,219	15,138,011
Additions	-	9,154,335	613,580	9,767,915
Demolitions	(2,175,491)	-	-	(2,175,491)
Adjustment on transfer	(850,960)	-	-	(850,960)
At 31 August 2010	<u>7,676,487</u>	<u>10,974,189</u>	<u>3,228,799</u>	<u>21,879,475</u>
DEPRECIATION				
At 1 September 2009	4,780,967	-	2,266,536	7,047,503
Charge for the year	83,135	-	325,536	408,671
Demolitions	(2,175,490)	-	-	(2,175,490)
Adjustment on transfer	(850,960)	-	-	(850,960)
At 31 August 2010	<u>1,837,652</u>	<u>-</u>	<u>2,592,072</u>	<u>4,429,724</u>
NET BOOK VALUE				
At 31 August 2010	<u>5,838,835</u>	<u>10,974,189</u>	<u>636,727</u>	<u>17,449,751</u>
At 31 August 2009	<u>5,921,971</u>	<u>1,819,854</u>	<u>348,683</u>	<u>8,090,508</u>

(b) CTC

	<i>Land and buildings (long leasehold)</i> £	<i>Assets in the course of construction</i> £	<i>Computer equipment, fixtures and fittings</i> £	<i>Total</i> £
COST				
At 1 September 2009	9,341,978	1,819,854	2,615,217	13,777,049
Additions	-	9,154,335	613,580	9,767,915
Demolitions	(2,175,490)	-	-	(2,175,490)
Transfer at valuation	510,000	-	-	510,000
At 31 August 2010	<u>7,676,488</u>	<u>10,974,189</u>	<u>3,228,797</u>	<u>21,879,474</u>
DEPRECIATION				
At 1 September 2009	3,930,006	-	2,266,535	6,196,541
Charge for the year	83,136	-	325,536	408,672
Demolitions	(2,175,490)	-	-	(2,175,490)
At 31 August 2010	<u>1,837,652</u>	<u>-</u>	<u>2,592,071</u>	<u>4,429,723</u>
NET BOOK VALUE				
At 31 August 2010	<u>5,838,836</u>	<u>10,974,189</u>	<u>636,726</u>	<u>17,449,751</u>
At 31 August 2009	<u>5,411,972</u>	<u>1,819,854</u>	<u>348,682</u>	<u>7,580,508</u>

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

11. TANGIBLE ASSETS (continued)

DEPRECIATION	2010 £	2009 £
CTC Depreciation – previous page	408,672	457,640
Impairment	-	1,666,266
Notional Amortisation of Capital Grants	(290,214)	(265,700)
Income and Expenditure Account - CTC	<u>118,458</u>	<u>1,858,206</u>
Technotots (Holdings) Ltd depreciation	-	11,642
Impairment	-	543,434
Income and Expenditure Account - Group	<u>118,458</u>	<u>2,413,282</u>

The impairment charge in the CTC recognises the impairment in value arising from the planned demolition in autumn 2010 of one of three teaching blocks. This is part of the planned improvements to the school buildings due to conversion to an Academy.

The impairment charge in Technotots (Holdings) Ltd arises because the nursery building has been transferred to the CTC as part of the restructuring of the terms of the lease with Technotots (Birmingham) Ltd, the nursery tenant. The valuation of the nursery has been adjusted to reflect prevailing market conditions. At 31 August 2010 the carrying value of the nursery building (which is let out under an operating lease) was £504,000.

The net book value at 31 August 2010 for the CTC shown at (b) on previous page represents fixed assets used as follows:

ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES	Land and buildings (long leasehold) £	Assets in the course of construction £	Computer equipment, fixtures and fittings £	Total £
Provision of education	4,671,069	10,974,189	636,726	16,281,984
Support services	525,495	-	-	525,495
Managing and administering the CTC	642,272	-	-	642,272
	<u>5,838,836</u>	<u>10,974,189</u>	<u>636,726</u>	<u>17,449,751</u>

SOURCES OF FUNDING FOR ASSETS ACQUIRED BY THE CTC	2010 £000's
DfE capital grant	15,530
Private sector capital sponsorship	2,443
General purpose fund (grant income)	124
Other funds (non grant income)	3,782
Total cost of CTC fixed assets as at 31 August 2010 shown at (b) on previous page	<u>21,879</u>

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

12. INVESTMENTS

GROUP AND CTC – INVESTMENT ASSETS	Market Value 2010 £	Cost 2010 £	Market Value 2009 £	Cost 2009 £
Total Equity Units	1,648,629	1,719,470	1,105,731	1,217,157
Fixed Interest Units	1,597,234	1,587,216	1,513,174	1,550,530
	<u>3,245,863</u>	<u>3,306,686</u>	<u>2,618,905</u>	<u>2,767,687</u>
Cash & Accrued Interest	44,768	44,768	536,279	536,279
At 31 August – at market value	<u>3,290,631</u>	<u>3,351,454</u>	<u>3,155,184</u>	<u>3,303,966</u>

	2010 £	2009 £
The movement of listed investments during the year was as follows		
Market value of listed investments brought forward	2,618,905	3,141,085
Additions at cost	1,264,669	2,260,779
Disposals at market value	(726,004)	(2,542,681)
Realised and unrealised gains/(losses)	88,292	(240,278)
	<u>3,245,862</u>	<u>2,618,905</u>
Cash & Accrued Interest	44,769	536,279
At 31 August – at market value	<u>3,290,631</u>	<u>3,155,184</u>

The following investments at market value represented more than 5% of the total

	31 August 2010 £	31 August 2009 £
UK Government 4 75% Stock 07/06/2010	-	356,086
UK Government 2 25% Treasury Gilt 07/03/2014	-	295,345
Finance for Danish Industry Frn Snr Emtn 10/2010	200,667	189,539
Leaseplan Finance (1e) Fr Gtd Snr Emtn 11/10	219,481	199,100
National Grid 5 25% Snr Emtn 2/06/11	189,706	193,159
Deutsche Telekom I 5 625% Mtn 07/2013	168,827	164,012
Lloyds TSB Bank 4% Gtd Mtn 17/11/11	174,693	-
Clydesdale Bank 3 375% Gtd Mtn 09/12/11	174,812	-
Abbey Natl Trsy Sv 5 5% Gtd Mtn 18/06/14	219,530	-

CTC – SUBSIDIARY UNDERTAKINGS	2010 £	2009 £
Investments at market value:		
At 1 September	29,034	598,303
Revaluation during year	(29,030)	(569,269)
At 31 August	<u>4</u>	<u>29,034</u>

As at 31 August 2010 subsidiary Company investments were valued by the Governors at £4 (2009 £29,034)

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

12. INVESTMENTS (continued)

CTC – SUBSIDIARY UNDERTAKINGS (continued)

<i>Company name</i>	<i>Activities</i>	<i>% of issued share capital held</i>	<i>Country of incorporation</i>
Kingshurst CTC Enterprises (Holding) Limited	Holding company – does not trade	100%	England
Kingshurst CTC Enterprises Limited	Dormant	100% (indirect)	England
Technotots (Holdings) Limited	Trading	100% (indirect)	England

GROUP - SHAREHOLDING IN TECHNOTOTS (BIRMINGHAM) LIMITED

	2010 £	2009 £
Cost at 1 September and 31 August	1	1

13. DEBTORS: Amounts Falling Due Within One Year

	<i>Group</i> 2010 £	<i>CTC</i> 2010 £	<i>Group</i> 2009 £	<i>CTC</i> 2009 £
Trade debtors	89,433	89,433	81,796	81,796
Amounts owed by group undertakings	-	1	-	37,793
Other debtors	33,609	33,609	24,479	24,479
Academy building grants	929,782	929,782	266,390	266,390
Prepayments and accrued income	136,103	136,103	101,707	101,707
	<u>1,188,927</u>	<u>1,188,928</u>	<u>474,372</u>	<u>512,165</u>

14. (a) CREDITORS: Amounts Falling Due Within One Year

	<i>Group</i> 2010 £	<i>CTC</i> 2010 £	<i>Group</i> 2009 £	<i>CTC</i> 2009 £
Trade creditors	452,033	452,033	766,350	762,342
Other taxation and social security	151,756	151,756	139,284	139,284
Amounts owed to group undertakings	-	459	-	459
Other creditors	146,760	146,760	160,740	160,740
Accruals and deferred income	2,649,051	2,649,051	631,497	625,799
Bank loans	-	-	439,116	-
Corporation tax	-	-	-	-
	<u>3,399,600</u>	<u>3,400,059</u>	<u>2,136,987</u>	<u>1,688,624</u>

The two bank loans were secured by a fixed charge on the leasehold property. The loan with a balance of £nil as at 31 August 2010 (2009 £292,811) had a fixed interest rate of 7.125% and the loan with a balance of £nil (2009 £146,305) had an interest rate of 2% above the Cooperative Bank published Base Rate. Both loans were repaid on 30 September 2009.

There was an outstanding pension contribution of £89,164 at 31 August 2010.

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

14 (b) DEFERRED INCOME – GROUP AND CTC

	2010 £
Balance at 1 September 2009	77,778
Amount released to incoming resources	(77,778)
Amount deferred in the year	170,886
Balance at 31 August 2010	170,886

Deferred income relates to income of £43,387 received in respect of sales of software licences for the following financial year and Standards Standards Grant of £127,499

15. CREDITORS: Amounts Falling Due After More Than One Year

	<i>Group</i> 2010 £	<i>CTC</i> 2010 £	<i>Group</i> 2009 £	<i>CTC</i> 2009 £
Bank loans	-	-	439,116	-
Less repayable in one year	-	-	(439,116)	-
	-	-	-	-
	<i>Group</i> 2010	<i>CTC</i> 2010	<i>Group</i> 2009	<i>CTC</i> 2009
Repayable by quarterly instalments as follows				
Within one year	-	-	439,116	-
In more than one year but less than two years	-	-	-	-
In more than two years but less than five years	-	-	-	-
In more than five years	-	-	-	-
	-	-	439,116	-

16. RESTRICTED FUNDS

The funds of the CTC include the following balances of grants to be applied for specific purposes

	<i>Balance at</i> <i>31 August</i> <i>2009</i> £	<i>Incoming</i> <i>resources</i> £	<i>Expenditure,</i> <i>losses and</i> <i>transfers</i> £	<i>Balance at</i> <i>31 August</i> <i>2010</i> £
Restricted general funds				
- GAG	(77,160)	9,664,656	(12,431,440)	(2,843,944)
- other	2,489,388	787,307	-	3,276,695
Restricted general funds	2,412,228	10,451,963	(12,431,440)	432,751
Restricted pension reserve	(155,000)	-	(238,000)	(393,000)
Government capital grant	5,837,716	6,396,767	2,554,253	14,788,736
Private sector capital sponsorship	1,869,536	-	(22,607)	1,846,929
Restricted fixed asset fund	7,707,252	6,396,767	2,531,646	16,635,665
	9,964,480	16,848,730	(10,137,794)	16,675,416

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

16 RESTRICTED FUNDS (CONTINUED)

The expenditure, losses and transfers column above includes the transfer of £2 938,446 from the Restricted General Fund to the Restricted Fixed Assets Funds, shown on the Consolidated Statement of Financial Activities on page 14. This figure represents the CTC capital expenditure during the year purchased from General Annual Grant

	2010 £	2009 £
GENERAL ANNUAL GRANT (GAG)		
i. Results and Carry Forward for the Year		
GAG brought forward from previous year	(77,160)	(42,834)
GAG allocation for current year	9,446,086	9,622,975
School Standards Grant received	218,570	213,991
Total GAG Available To Spend	9,587,496	9,794,132
Revenue expenditure from GAG	(9,492,994)	(9,182,165)
Fixed assets purchased from GAG	(2,938,446)	(689,127)
GAG carried forward to next year	(2,843,944)	(77,160)
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(1,159,759)	(1,180,436)
GAG to surrender to DfE (12% rule breached if result is positive)	(4,003,703)	(1,257,596)
	(No breach)	(No breach)

ii. Use of GAG Brought Forward from Previous Year 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)

	2010 £	2009 £
Recurrent expenditure from GAG in current year	9,492,994	9,182,165
GAG allocation for current year and Schools Standards Grant	(9,664,656)	(9,836,966)
	(171,622)	(654,801)
GAG allocation for previous year x 2%	(196,739)	(162,200)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)	(368,401)	(817,001)
	(No breach)	(No breach)

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

17. UNRESTRICTED FUNDS

	<i>Balance at 31 August 2009 £</i>	<i>Incoming resources £</i>	<i>Expenditure, losses and transfers £</i>	<i>Balance at 31 August 2010 £</i>
CTC				
- Designated to fund capital projects	4,323,677	1,984,949	(972,162)	5,336,464
Non-charitable trading funds				
- Designated to fund capital projects	29,486	4,250	(33,281)	455
GROUP	<u>4,353,163</u>	<u>1,989,199</u>	<u>(1,005,443)</u>	<u>5,336,919</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Restricted fixed assets funds</i>		<i>Total £</i>
CTC			<i>Public £</i>	<i>Private £</i>	
Fixed assets	4,104,721	-	14,788,736	1,846,929	20,740,386
Current assets	4,631,802	432,751	-	-	5,064,553
Current liabilities	(3,400,059)	-	-	-	(3,400,059)
Pension provision	-	(393,000)	-	-	(393,000)
	<u>5,336,464</u>	<u>39,751</u>	<u>14,788,736</u>	<u>1,846,929</u>	<u>22,011,880</u>
Non-charitable trading funds					455
GROUP					<u>22,012,335</u>

19. CAPITAL COMMITMENTS

CTC AND GROUP	2010 £	2009 £
Capital expenditure committed to, but not provided in the accounts	<u>3,882,279</u>	<u>30,599</u>

Grant funding from the DfE of £3,173,063 will be received as capital is expended

20. LEASING COMMITMENTS

The group had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Equipment		
Expiring between one year and two years	88,046	-
Expiring in two to five years	-	88,046

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

21. RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010, £	2009 £
Surplus per SOFA (page 14)	7,694,692	1,335,018
Building and capital grants	(6,396,767)	(1,679,086)
Depreciation	408,671	469,281
Impairment	-	2,209,701
Bank interest received less paid	(80,756)	(120,623)
Decrease/(increase) in debtors	215,227	(176,724)
Increase in creditors	81,730	292,768
Taxation	-	(32)
Amortisation of goodwill	-	(231,058)
Realised and unrealised (gains)/losses on Investment Assets	(88,292)	240,278
Pension Provision	238,000	155,000
Net cash inflow from operating activities (page 18)	<u>2,072,505</u>	<u>2,494,523</u>

22. GROSS CASH FLOWS

RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2010 £	2009 £
Investment securities	64,266	105,771
Interest received	11,920	58,502
	<u>76,186</u>	<u>164,273</u>
Interest paid	(1,948)	(27,023)
	<u>74,238</u>	<u>137,250</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2009 £	Cashflows £	31 August 2010 £
Cash in hand and at bank	4,889,565	(1,013,940)	3,875,625
Bank loans	(439,116)	439,116	-
	<u>4,450,449</u>	<u>(574,824)</u>	<u>3,875,625</u>

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

24 CONTROLLING PARTY

There is no controlling party with the ability to direct the financial and operating policies of the group with a view to gaining economic benefits from its activities

25 RELATED PARTY TRANSACTIONS

During the year, Mr D Moore, who is a Governor of the CTC, invoiced the CTC £nil (2009 £1,100) in relation to services provided to the Multimedia division of the CTC's activities. There were no amounts due to Mr Moore at 31 August 2010 (2009 £nil). All transactions were at arm's length.

Mr J P Leighfield, a Governor of the CTC, had a personal interest in transactions with RM Education plc by virtue of the fact that he is a director of that entity. During the year, goods and services were supplied by this entity to the CTC amounting to £27,181 (2009 £79,167). At 31 August 2010 the amount owed to this entity was £nil (2009 £3182). All transactions were at arm's length.

The CTC claims exemption under Financial Reporting Standard No 8 from disclosing related party transactions between group companies on the basis that consolidated accounts are prepared and all subsidiaries are 100% owned.

26 CONTINGENT LIABILITIES

The CTC has an ongoing funding agreement with the Department for Education. This agreement is subject to termination by the Secretary of State or by the CTC by not less than seven years written notice.

During the period of the funding agreement in the event of the sale, or disposal by other means, of any asset for which a capital grant was received the CTC shall, if it does not reinvest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the CTC serving notice, the CTC shall repay to the Secretary of State sums determined by reference to

- i) The value at that time of the CTC's site and premises and other assets held for the purpose of the CTC, and
- ii) The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

27 PENSION COMMITMENTS

The CTC's employees belong to two pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Midlands Pension Fund. Both are defined-benefit schemes.

	2010
Pension costs for the year –	£000
Local Government Pension Scheme –	
Contributions paid	173
Adjustment	125
	<hr/>
Total Operating charge to the Income and Expenditure Account under staff costs	298
Finance charge	4
	<hr/>
Total charge under FRS17	302
 Teachers Pension Scheme – contributions paid	 546
	<hr/>
Total Pension Cost for Year	848
	<hr/> <hr/>

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

27 PENSION COMMITMENTS (CONTINUED)

TEACHERS' PENSION SCHEME (TPS)

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the Teachers' Pension Scheme (TPS) is a multi-employer pension scheme. The CTC is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the CTC has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The latest available information for the TPS is set out below.

The TPS is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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 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.

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review 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 has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years), a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

27 PENSION COMMITMENTS (CONTINUED)

TEACHERS' PENSION SCHEME (TPS) (continued)

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions

LOCAL GOVERNMENT PENSION SCHEME

The CTC is one of several employing bodies included within the Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution paid into the scheme for the year ended 31 August 2010 was £265,165 of which the CTC's contributions amounted to £172,729 and employees' contributions totalled £92,436. The agreed contribution rates for the year ended 31 August 2010 were 12 % of pensionable pay for the CTC to March 2009 and 13% from April to August 2009. Employees' contributions ranged from 5.5% to 7.2% of pensionable pay, depending on the individual's level of pay.

CTC expects to make contributions of £173,000 in the next accounting period.

The following information is based upon information received from the Scheme actuary. The major assumptions used by the actuary were:

	31 August 2010 % p.a.	1 September 2009 % p.a.
Rate of increase in salaries	5.05	5.30
Rate of increase in pensions	2.80	3.55
Discount rate for liabilities	4.90	5.65
Inflation	3.30	3.55
Mortality Rates	Retiring today	Retiring in 20 years
Males	21.7	23.5
Females	24.9	26.8

The CTC's share of the assets and liabilities in the scheme and the expected rate of return were:

	31 August 2010		1 September 2009	
	Expected long-term rate of return	Fair Value £000	Expected long-term rate of return	Fair Value £000
Equities	7.50%	733	7.50%	459
Government Bonds	3.70%	101	4.00%	86
Other Bonds	4.50%	92	5.15%	52
Property	6.50%	101	6.50%	62
Other	0.50%	21	0.50%	20
Total fair value of assets		1,048		679
Present value of scheme liabilities		1,441		834
Net pension liability		(393)		(155)

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

27 PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME (continued)

Analysis of amount chargeable to Income and expenditure account

	2010 £000	2009 £000
Employer service cost (net of employer contributions)	298	313
Total operating charge	298	313

Analysis of pension finance income / (costs)

	2010 £000	2009 £000
Expected return on CTC's share of scheme assets	54	22
Interest on pension liabilities	(58)	(26)
Pension finance income (costs)	(4)	(4)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	40	30
Experience gains and losses arising on the scheme liabilities	(149)	-
Actuarial gain recognised in STRGL	(109)	30

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

	2010 £000	2009 £000
Opening defined benefit obligation at 1 September 2009	834	137
Current service cost	298	313
Interest cost	58	26
Member contributions	93	86
Benefits paid	9	272
Actuarial (gains) / losses	149	
Benefit obligation at 31 August 2010	1,441	834

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

	2010 £000	2009 £000
Opening fair value of scheme assets at 1 September 2009	679	100
Expected return on scheme assets	54	22
Actuarial gains	40	30
Member contributions	93	86
Employer contributions	173	169
Benefits paid	9	272
Fair value of scheme assets at 31 August 2010	1,048	679

CTC Kingshurst Academy

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2010

27 PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME (continued)

In July 2010, the Government announced that it intended for future increases in public sector pension scheme to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The Academy has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

	2010	2009
History of experience gains and losses		
Difference between the expected and actual return on scheme		
Amount (£000)	40	30
Percentage of scheme assets	3.8%	4.4%
Experience gains and losses on scheme liabilities		
Amount (£000)	(149)	-
Percentage of scheme liabilities	10.3%	-
Actuarial (loss)/gain recognised in STRGL		
Amount (£000)	(109)	30
Percentage of scheme liabilities	-7.6%	3.6%
Cumulative amount recognised in the STRGL	(79)	30

CTC Kingshurst Academy

DETAILED INCOME AND EXPENDITURE ACCOUNT – CTC ONLY for the year ended 31 August 2010

	2010 £	2009 £
INCOME		
General Annual Grant (GAG)	9,661,986	9,830,170
Other DfE grants	789,977	1,327,564
	<u>10,451,963</u>	<u>11,157,734</u>
Private sector sponsorship		
Cash donations	-	2,500
In kind support	1,645	1,430
	<u>1,645</u>	<u>3,930</u>
Other income		
Other grants	-	-
Kingshurst Training	885,684	679,651
Multimedia	88,242	145,359
Interest receivable	11,920	57,921
Income from investments	70,783	89,144
Catering	260,209	250,903
Trips	207,362	222,818
Uniform	126	261
Information centre	8,339	10,905
Music lessons	15,482	20,374
Teacher training and release	38,317	33,138
Sundry income	357,322	249,866
Gift aid payment received	-	4,405
Nursery rent	51,000	-
	<u>1,994,786</u>	<u>1,764,745</u>
TOTAL INCOME	<u><u>12,448,394</u></u>	<u><u>12,926,409</u></u>

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CTC Kingshurst Academy

DETAILED INCOME AND EXPENDITURE ACCOUNT – CTC ONLY for the year ended 31 August 2010

	2010 £	2009 £
EXPENDITURE		
GENERAL ANNUAL GRANT EXPENDITURE		
Staff costs		
Teaching	5,236,376	4,946,828
Educational support	750,686	660,887
Other		
- IT technical staff	237,149	222,804
- Premises	306,118	300,183
- Administrative and clerical	482,822	403,633
- Catering	240,037	207,747
- Multimedia	114,991	112,842
- Temporary staff costs	167,385	153,767
Total GAG staff costs	7,535,564	7,008,691
Maintenance of premises		
Building maintenance	92,941	279,998
Grounds maintenance	15,362	25,674
	108,303	305,672
Other occupancy costs		
Cleaning	12,959	14,171
Water	25,751	29,228
Fuel	168,061	251,285
Rates	31,664	18,295
Insurance	64,985	63,352
Security	7,981	8,393
Other	42,773	45,996
	354,174	430,720
Educational supplies and services		
Books	29,978	43,681
Educational equipment	34,833	68,316
Stationery and materials	47,343	77,426
Transport and sports facilities	62,581	47,878
Examination fees	175,686	144,990
	350,421	382,291
Carried forward	8,348,462	8,127,374

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CTC Kingshurst Academy

DETAILED INCOME AND EXPENDITURE ACCOUNT – CTC ONLY for the year ended 31 August 2010

	2010 £	2009 £
GAG EXPENDITURE (continued)		
Brought forward	8,348,462	8,127,374
Other supplies and services		
Catering	246,358	331,035
Legal and professional fees	158,632	175,635
Auditors' remuneration	16,548	24,610
Bank interest and charges	4,338	2,423
Printing and photocopying	150,552	147,448
General charges	121,721	115,417
Staff recruitment	27,675	54,296
Telephone	17,896	20,726
Postage	23,950	26,447
Governors' and Governors' expenses	4,009	6,629
Sundry costs	12,579	23,342
	<hr/> 784,258	<hr/> 928,008
Furniture and equipment	<hr/> 70,851	<hr/> 60,474
Technology costs (not capitalised)		
Hardware	43,514	41,745
Software	74,790	80,395
Consumables	47,145	38,240
	<hr/> 165,449	<hr/> 160,380
Staff development	<hr/> 123,974	<hr/> 125,070
TOTAL GAG EXPENDITURE	<hr/> 9,492,994	<hr/> 9,401,306

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CTC Kingshurst Academy

DETAILED INCOME AND EXPENDITURE ACCOUNT – CTC ONLY for the year ended 31 August 2010

	2010 £	2009 £
EXPENDITURE (continued)		
Brought forward	9,492,994	9,401,306
Kingshurst Training Expenditure		
Staff costs	508,413	486,920
Maintenance of premises	-	56
Other occupancy costs	9,372	9,397
Educational supplies and services	106,889	105,495
Other supplies and services	42,341	41,792
	<u>667,015</u>	<u>643,660</u>
Expenditure from donations and gifts		
Educational equipment	<u>1,645</u>	<u>1,430</u>
Other expenditure		
Trips cost	242,367	242,112
Music lessons	26,359	36,436
Uniform	347	844
Staff costs	125,000	181,000
LGPS notional interest payable	4,000	4,000
Community projects	<u>132,330</u>	<u>87,295</u>
	530,404	551,687
Depreciation	408,672	2,123,906
Amortisation of grants	<u>(290,214)</u>	<u>(265,700)</u>
TOTAL NON GAG EXPENDITURE	<u>1,317,522</u>	<u>3,054,983</u>
TOTAL EXPENDITURE	<u><u>10,810,516</u></u>	<u><u>12,456,289</u></u>
NET SURPLUS	<u><u>1,637,878</u></u>	<u><u>470,120</u></u>

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