

Sandwell Academy Trust Limited
- a company limited by guarantee

**Governors' report and financial
statements**

For the year ended 31 August 2010

Registered company number 4798185
Registered charity number 1100538

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Sandwell Academy Trust Limited
- a company limited by guarantee
Governors' report and financial statements
for the year ended 31 August 2010

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Governors' report

Reference and administrative details

The Governors, who are also directors and trustees of Sandwell Academy Trust Limited ("the Charitable Company") for the purposes of the Companies Act and the Charities Act, present their report and the audited financial statements of the Charitable Company for the year ended 31 August 2010. The financial statements have been prepared in accordance with Sandwell Academy Trust Limited's constitution and the recommendations of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities (SORP 2005), and in accordance with applicable laws.

The Charitable Company was incorporated on 13 June 2003 and its principal activity is to maintain an Academy in Sandwell known as Sandwell Academy. The construction of the Academy was completed in August 2006 and the first students were admitted to the School in September 2006.

The Charitable Company was established by its Principal Sponsors. These are The Mercers' Company, Telford City Technology College Trust Limited (known as Thomas Telford School), Tarmac Group Limited, The Trustees of the HSBC Education Trust and West Bromwich Albion Football Club (together "the Sponsors").

Status of the Charitable Company

The Charitable Company is limited by guarantee (registered number 4798185) and is a registered charity under the Charities Act 1993 (registration number 1100538). It is constituted and governed by its Memorandum and Articles of Association. The registered office of the Charitable Company is c/o Tarmac Limited, Millfields Road, Ettingshall, Wolverhampton, West Midlands, WV4 6JP. The principal office of the Charitable company is Sandwell Academy, Halfords Lane, West Bromwich, West Midlands, B71 4LG. Further details are given in note 1 to the financial statements.

Governors

The Governors who served during the year and subsequently, to the date of this report except where indicated, were

RJ Harrison OBE - Chairman
Sir Kevin Satchwell
S Turton
AC Smith
The Earl of Selborne KBE
PWS Brewis
Dr JJ Evans
CG Allen
SR Towe CBE
AC Shackleton
RD White
HM Fenwick
K Elson-Whittaker
MJ Jenkins (appointed 9 November 2009)

The Governors are either nominated by the Sponsors ("Sponsor Governors") or are appointed by the Sponsor Governors themselves.

The day-to-day running of the Charitable Company is carried out by the Headmaster, Mr S Topper, and the Senior Management Team.

Governors' report (*continued*)

Reference and administrative details (*continued*)

Governors (*continued*)

The main advisors to the Governors are

Auditors	Crowe Clark Whitehill LLP, Chartered Accountants & Registered Auditors, Foley House, 123 Stourport Road, Kidderminster, Worcestershire, DY11 7BW
Banking & Investment Management	HSBC Bank plc, 137 Thetford Chase, Town Centre, Telford, Shropshire, TF3 4AN
Solicitors	Macfarlanes, 10 Norwich Street, London, EC4A 1BD

Structure, Governance and Management

The Charitable Company is controlled by the Governing board ("the Board") As described above, the Board is formed primarily from nominees provided by the Sponsors and from appointees selected by the Board itself One Governor is elected by the parents of students attending the Academy

Other than the elected parent Governor, Governors retire by rotation in accordance with the Articles of Association, which provide that at each Annual General Meeting one-third of the Governors must retire, being the longest in office since last election, such Governors being eligible for re-election

The induction and training provided for new Governors will depend on their existing experience Several of the Governors have many years of experience on other school governing boards and in the sphere of education generally Where necessary, training will be provided on charity, educational, legal and financial matters It is expected that the turnover in the composition of the Board of Governors will be low which will enable induction to be carried out informally and tailored specifically to each individual All new Governors will be encouraged and assisted to familiarise themselves with the Academy and will meet with staff, students and parents of students All Governors are provided with copies of the Academy's constitutional and policy documents In addition, they are routinely involved with meetings, accounts, reports, budgets, plans and other information necessary to enable them to carry out their roles effectively

The Sponsors are primarily responsible for ensuring that Sponsor Governors are appointed to the governing board The Sponsor Governors collectively are responsible for the recruitment of other suitable candidates for governorship. The representation of local industry and commerce on the board is a key aim

The management structure is on two levels the Governors and the Senior Managers The Senior Managers comprise persons who are qualified and experienced in their individual fields The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels

The Governors are responsible for setting general policy, adopting annual plans, budgets and targets, and monitoring the performance of the Academy against the aims established They make all major decisions about the direction and policies of the Academy, including capital expenditure

The Senior Management Team consists of the Headmaster and the Deputy Heads These managers control the Academy at an executive level, implementing the policies established by the Governors and reporting back to them at board meetings

Governors' report *(continued)*

Structure, Governance and Management *(continued)*

Sandwell Academy is an equal opportunities employer and endeavours to give full and fair consideration to all applications for employment, training and promotion, irrespective of disability, gender, race, colour or sexual orientation

Risk assessment

The Governors confirm that all material risks to which the Charitable Company is exposed are continually reviewed and systems have been established to manage and mitigate the risks identified

Objectives and Activities

Charitable objects

The Charitable Company's objectives are generally to advance for the public benefit education in Sandwell by establishing, maintaining, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, business enterprise and sport. In setting the objectives and planning activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit

The main objectives of the Charitable Company are to

- raise the standard of educational achievement of all students,
- ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- improve the effectiveness of the Charitable Company by keeping the curriculum and organisational structure under continuous review,
- provide value for money for the funds expended,
- comply with all statutory and curriculum requirements,
- maintain close links with industry and commerce

Achievements and Performance

Construction of the Academy was completed in August 2006 on time and on budget and the first students were admitted in September 2006

The Academy now provides education for a total of 1,189 students, comprising 905 students under 16 years of age and 284 Sixth Form students. Full occupation was achieved in September 2010

Internal and external monitoring of students' performances is taking place, including through formal examinations, and the Board is satisfied that the Academy is developing well, in line with the targets established. An inspection carried out by Ofsted during 2009 judged the Academy to be "Good" overall and the Senior Management Team is now focusing on those areas identified for further improvement

Governors' report *(continued)*

Financial review

Most of the Academy's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2010 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful lives of the assets concerned.

During the year ended 31 August 2010, total expenditure of £7,585,864 (2009 £6,487,948) was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year was £774,032 (2009 £860,233).

At 31 August 2010 the net book value of fixed assets was £24,130,561 (2009 £24,634,017) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

Reserves policy

The Charitable Company is not yet in a position to generate significant reserves and it is expected that the whole of its annual income will be expended on its primary purpose for the foreseeable future.

Statement on the system of internal finance control

As Governors, we acknowledge we have overall responsibility for ensuring that Sandwell 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,
- proper records are maintained and financial information used within the Academy or for publication is reliable,
- the Academy complies with relevant laws and regulations

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

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

In addition, the governors have considered the various standards on corporate governance for directors of public listed companies. They believe that although they are not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have

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

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed an independent chartered accountant, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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

The Governors can report that the RO's function has been fully delivered and as a result no material control issues were found and therefore no remedial action has been required.

Plans for the future

The Academy will continue to strive to encourage high levels of performance by all its students at all levels and will work to ensure that students find employment or a place in higher education once they leave.

Looking forward to 2010/11 and beyond, the Academy will continue to ensure consistently high standards in education for the students. In furtherance of the strategy and in order to aid the delivery of the charitable objectives the Academy will continue to

- review its operational and governance structures to ensure that the School operates in the most efficient and cost effective way, and
- invest in facilities and equipment to maintain and improve the fabric of the building and to provide an environment conducive to learning

Governors' report *(continued)*

Disclosure of information to auditors

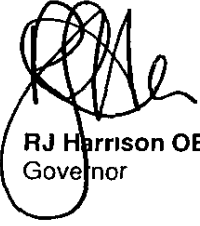
The Governors who held office at the date of approval of this Governors' report confirm that, so far as they are aware, there is no relevant audit information of which the Academy's auditors are unaware, and each director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

On 1 October 2010, Horwath Clark Whitehill LLP changed its name to Crowe Clark Whitehill LLP

The appointment of the current auditors, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487 (2) of the Companies Act 2006

This report was approved by the Governors on 22 November 2010 and signed on their behalf by



RJ Harrison OBE
Governor

c/o Tarmac Limited
Millfields Road
Ettingshall
Wolverhampton
West Midlands
WV4 6JP

Statement of Governors' responsibilities in respect of the Governors' Report and the financial statements

The Governors are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Governors to prepare financial statements for each financial year

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period

In preparing these financial statements, the Governors are required to

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

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities

Independent auditors' report to the members of Sandwell Academy Trust Limited

We have audited the financial statements of Sandwell Academy Trust Limited for the year ended 31 August 2010 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under accounting policies set out therein.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

The Governors' (who act as trustees for the charitable activities of the Sandwell Academy Trust Limited and are also the directors of the company for the purposes of company law) responsibilities for preparing the annual report and the financial statements in accordance with 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 in our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with 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' Report is consistent with those financial statements.

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 the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Governors' remuneration specified by law are not made.

We read the Governors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

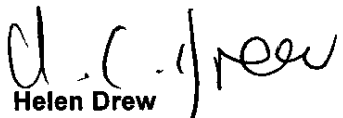
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the members of Sandwell Academy Trust Limited
(continued)

Unqualified Opinion

In our opinion

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


Helen Drew
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditors
Foley House
123 Stourport Road
Kidderminster
Worcestershire
DY11 7BW

22 November 2010

**Statement of financial activities
for the year ended 31 August 2010**

	Note	General fund	Designated fixed asset fund	Restricted fixed assets fund £	Restricted income fund £	Total 2010 £	Total 2009 £
		£	£	£	£	£	£
Incoming Resources							
Incoming resources from generated funds							
Voluntary income, donations and similar incoming resources	4	277,330	-	-	28,300	305,630	1,067,610
Investment income	5	5,677	-	-	-	5,677	45,018
Incoming resources from charitable activities							
Funding for educational operations		-	-	286,683	7,109,462	7,396,145	5,700,519
Other charitable incoming resources	6	652,444	-	-	-	652,444	535,034
Total incoming resources		<u>935,451</u>	<u>-</u>	<u>286,683</u>	<u>7,137,762</u>	<u>8,359,896</u>	<u>7,348,181</u>
Resources expended							
Cost of generating funds							
Charitable Activities							
Provision of education		50,000	57,883	747,380	6,261,978	7,117,241	6,076,632
Other resources expended		439,869	-	-	-	439,869	384,260
Governance costs		-	-	-	28,754	28,754	27,056
Total resources expended	7	<u>489,869</u>	<u>57,883</u>	<u>747,380</u>	<u>6,290,732</u>	<u>7,585,864</u>	<u>6,487,948</u>
Net incoming/(outgoing) resources before transfers		<u>445,582</u>	<u>(57,883)</u>	<u>(460,697)</u>	<u>847,030</u>	<u>774,032</u>	<u>860,233</u>
Transfers							
Gross transfers between funds		(25,715)	18,804	(3,680)	10,591	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		419,867	(39,079)	(464,377)	857,621	774,032	860,233
Actuarial gains/(losses) on defined benefit pension schemes	19	(34,000)	-	-	-	(34,000)	34,000
Net Movement in funds		385,867	(39,079)	(464,377)	857,621	740,032	894,233
Reconciliation of funds							
Total funds brought forward		2,468,649	2,580,491	22,053,526	1,158,922	28,261,588	27,367,355
Total funds carried forward	16	<u>2,854,516</u>	<u>2,541,412</u>	<u>21,589,149</u>	<u>2,016,543</u>	<u>29,001,620</u>	<u>28,261,588</u>

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the Academy during the year and reconciles the movements in funds. The overall financial position at the year end is summarised in the balance sheet on page 11. The income and expenditure account required to be included by the DfE is on page 26.

All items dealt with in arriving at the net incoming resources for the financial periods for 2010 and 2009 relate to continuing operations.

Balance Sheet
At 31 August 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible fixed assets	13	24,130,561	24,634,017
Current assets			
Debtors	14	248,610	168,816
Cash at bank and in hand		<u>5,597,280</u>	<u>4,151,944</u>
		5,845,890	4,320,760
Creditors : Amounts falling due within one year	15	<u>(771,831)</u>	<u>(574,189)</u>
Net current assets		<u>5,074,059</u>	<u>3,746,571</u>
Net assets excluding pension liability		29,204,620	28,380,588
Pension Scheme Liability	19	<u>(203,000)</u>	<u>(119,000)</u>
Net assets including pension liability		<u>29,001,620</u>	<u>28,261,588</u>
Funds.			
Unrestricted funds			
General fund	16	2,854,516	2,468,649
Designated fixed asset fund	16	2,541,412	2,580,491
Restricted funds			
Restricted fixed asset fund	16	21,589,149	22,053,526
Restricted income fund	16	<u>2,016,543</u>	<u>1,158,922</u>
		<u>29,001,620</u>	<u>28,261,588</u>

The financial statements were approved by the Governors on 22 November 2010 and signed on their behalf by


RJ Harrison OBE
Governor

Sandwell Academy Trust Limited
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Governors' report and financial statements
for the year ended 31 August 2010

**Cash flow statement
for the year ended 31 August 2010**

	Note	2010 £	2009 £
Operating activities			
DfE Grants received		6,160,543	5,448,174
Other income		1,865,966	1,593,786
DfE Grant expenditure		(6,028,798)	(5,068,449)
Other expenditure		<u>(489,869)</u>	<u>(384,260)</u>
Net cash flow from operating activities		1,507,842	1,589,251
Return on investments and servicing of finance			
Interest received		5,677	45,018
Capital expenditure			
DfE capital grants received		313,659	252,345
Purchase of fixed assets		<u>(381,842)</u>	<u>(383,047)</u>
		<u>(68,183)</u>	<u>(130,702)</u>
Increase in cash and cash equivalents	18	<u>1,445,336</u>	<u>1,503,567</u>

Notes
(forming part of the financial statements)

1 Status of the Charitable Company

The Charitable Company is limited by guarantee. Each member of the company has undertaken to contribute up to £10 to the Charitable Company's assets if it should be wound up.

2 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Companies Act 2006 and the Statement of Recommended Practice "Accounting and Reporting by Charities", issued in March 2005 (SORP 2005) except that, as explained in note 10, employee emoluments by banding have not been disclosed.

The company has cash resources and has no requirement for external funding. The directors have a reasonable expectation that the Charitable Company will have adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charitable Company's financial statements.

Incoming resources

Incoming resources are included in the Statement of Financial Activities when the Charitable Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Donated facilities are included at the value to the Charitable Company where this can be quantified and a third party is bearing the cost.

Grant income and grants for premises and equipment are recognised in the Statement of Financial Activities and income and expenditure account in the period in which they are receivable.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been apportioned to activities on a basis of time spent.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charitable Company and include an appropriate apportionment of management overheads.

Governance costs

Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs relating to statutory audit together with an allocation of support costs.

Fund accounting

General funds are those funds which may be used towards meeting the objectives of the Charitable Company at the discretion of the Governors. Designated funds comprise amounts set aside by the Governors out of the unrestricted fund for specific capital purposes.

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

Notes (continued)

2 Accounting policies (continued)

Restricted fixed asset funds are funds raised for the purpose of specific capital projects, where there are on going restrictions imposed over the use or disposal of the assets purchased

Pensions

The Charitable Company participates in two pension schemes providing benefits based on final pensionable pay. More details of the schemes are given in note 19.

Teachers' Pension Scheme

Teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). As the Charitable Company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Charitable Company in the year.

Local Government Pension Scheme

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme and is able to identify the Charitable Company's share of assets and liabilities and the requirements of FRS 17. Retirement Benefits, have been followed.

Recognition of liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

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 de minimus limit for capitalisation of fixed assets is £500.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their useful lives as follows:

Buildings	50 years
Computer equipment	4 years
Furniture, fixtures and fittings	7 years
Motor vehicles	4 years

Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Interest receivable

Interest on deposit and other accounts is allocated to income in the year in which it is receivable.

Taxation

The Charitable Company, as a registered charity, is not liable to taxation. The Charitable Company cannot recover value added tax, and expenditure, where applicable, is therefore included gross of the related value added tax.

Notes (continued)

3 General Annual Grant (GAG)	2010	2009
	£	£
a. Results and Carry Forward for the Year		
GAG brought forward from previous year	91,674	166,857
GAG allocation for current year	<u>5,932,979</u>	<u>5,025,801</u>
Total GAG available to spend	6,024,653	5,192,658
Recurrent expenditure from GAG	(6,021,578)	(5,100,984)
Fixed assets purchased from GAG	<u>-</u>	<u>-</u>
GAG carried forward to next year	3,075	91,674
 Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	 <u>(711,957)</u>	 <u>(603,096)</u>
GAG to surrender to DfE	<u>(708,882)</u>	<u>(511,422)</u>
(12% rule breached if result is positive)		
 b. 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)		
Recurrent expenditure from GAG in current year	6,021,578	5,100,984
GAG allocation for current year	(5,932,979)	(5,025,801)
GAG allocation for previous year x 2%	<u>(100,516)</u>	<u>(82,596)</u>
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year		
(2% rule breached if result is positive)	<u>(11,917)</u>	<u>(7,413)</u>
 4 Voluntary income and donations and similar incoming resources		
	2010	2009
	£	£
Sponsorship income	28,300	30,300
Sundry income	277,330	278,733
Local Authority Income	<u>-</u>	<u>758,577</u>
	<u>305,630</u>	<u>1,067,610</u>

Notes (continued)

5 Investment income	2010	2009
	£	£

Bank interest receivable	<u>5,677</u>	<u>45,018</u>
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6 Other Charitable incoming resources	2010	2009
	£	£

Nursery	111,962	97,770
Catering	340,641	273,977
Transport	<u>199,841</u>	<u>163,287</u>
	<u>652,444</u>	<u>535,034</u>

7 Total resources expended

	Staff costs (note 10) £	Depreciation (note 13) £	Other Costs (note 8) £	2010 Total £	2009 Total £
Charitable activities					
Provision of education	4,338,612	805,263	1,973,366	7,117,241	6,076,632
Other resources expended	229,480	-	210,389	439,869	384,260
Governance costs	<u>18,054</u>	<u>-</u>	<u>10,700</u>	<u>28,754</u>	<u>27,056</u>
	<u>4,586,146</u>	<u>805,263</u>	<u>2,194,455</u>	<u>7,585,864</u>	<u>6,487,948</u>

8 Other costs

	2010	2009
	£	£
Educational supplies and services	1,106,939	886,995
Occupancy costs	335,540	321,399
Maintenance costs	168,950	140,994
Supplies and services	364,637	370,209
Other	<u>218,389</u>	<u>181,488</u>
	<u>2,194,455</u>	<u>1,901,085</u>

Notes (continued)

9 Analysis of total resources expended

	Direct costs £	Support costs £	Total 2010 £	Total 2009 £
Charitable activities				
Provision of education	4,771,398	2,345,843	7,117,241	6,076,632
Other resources expended	-	439,869	439,869	384,260
Governance costs	-	<u>28,754</u>	<u>28,754</u>	<u>27,056</u>
	<u>4,771,398</u>	<u>2,814,466</u>	<u>7,585,864</u>	<u>6,487,948</u>

Allocation of support costs

	Allocated to Charitable activities £	Allocated to Governance costs £	Total 2010 £	Total 2009 £
Type of cost				
Management and administration	1,289,359	10,700	1,300,059	1,142,332
Human resources	<u>1,496,353</u>	<u>18,054</u>	<u>1,514,407</u>	<u>1,204,391</u>
	<u>2,785,712</u>	<u>28,754</u>	<u>2,814,466</u>	<u>2,346,723</u>

Analysis of governance costs

	2010 £	2009 £
Auditors' remuneration for audit services	10,700	10,062
Staff costs	<u>18,054</u>	<u>16,994</u>
	<u>28,754</u>	<u>27,056</u>

Notes (continued)

10 Staff numbers and costs

The average number of persons (excluding Governors), employed by the Charitable Company during the year was

	Number of Employees	
	2010	2009
	No.	No
Administration and support	80	59
Teachers	<u>75</u>	<u>68</u>
	<u>155</u>	<u>127</u>

The aggregate payroll costs during the period amounted to

	£	£
Wages and salaries	3,857,132	3,193,377
Social security costs	269,194	218,164
Other pension costs	<u>459,820</u>	<u>399,821</u>
	<u>4,586,146</u>	<u>3,811,362</u>

None of the Governors received any remuneration or reimbursement of expenses from the Charitable company (2009 £nil)

There are two pension schemes available to employees, the Teachers Pension Scheme and the Local Government Pension Scheme (see note 19)

Disclosure in respect of the banding of employee emoluments, as specified in paragraph 236 of the Statement of Recommended Practice Accounting and Reporting by Charities 2005, has not been included as the Governors believe that the information is of a sensitive nature

11 Surplus for the financial year

	2010	2009
	£	£
<i>Surplus for the financial year is stated after charging</i>		
Depreciation	805,263	775,501
Auditors' remuneration for audit services	10,700	10,062
Operating lease costs	<u>19,565</u>	<u>33,966</u>

12 Governors' and officers' insurance

In accordance with normal commercial practice the Charitable Company has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance provides cover up to £5,000,000 on any one claim and the cost for 2010 was £1,231 (2009 £1,470)

Notes (continued)

13 Tangible fixed assets

	Long Leasehold Land and buildings £	Computer equipment £	Furniture, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	25,217,989	621,494	921,402	41,089	26,801,974
Additions	214,361	54,130	43,907	-	312,398
Disposals	-	-	(21,700)	-	(21,700)
At end of year	<u>25,432,350</u>	<u>675,624</u>	<u>943,609</u>	<u>41,089</u>	<u>27,092,672</u>
Depreciation					
At beginning of year	1,496,500	318,140	325,531	27,786	2,167,957
Charge for the year	504,380	158,392	132,219	10,272	805,263
Eliminated on disposals	-	-	(11,109)	-	(11,109)
At end of year	<u>2,000,880</u>	<u>476,532</u>	<u>446,641</u>	<u>38,058</u>	<u>2,962,111</u>
Net book value					
At 31 August 2010	<u>23,431,470</u>	<u>199,092</u>	<u>496,968</u>	<u>3,031</u>	<u>24,130,561</u>
At 31 August 2009	<u>23,721,489</u>	<u>303,354</u>	<u>595,871</u>	<u>13,303</u>	<u>24,634,017</u>
Source of funding for assets acquired					
Capital grants	22,479,656	673,781	918,216	41,089	24,112,742
Private sector	2,744,325	-	24,675	-	2,769,000
Recurrent Grant	<u>208,369</u>	<u>1,843</u>	<u>718</u>	<u>-</u>	<u>210,930</u>
	<u>25,432,350</u>	<u>675,624</u>	<u>943,609</u>	<u>41,089</u>	<u>27,092,672</u>

The net book value at 31 August 2010 represents fixed assets used for

	Long Leasehold Land and buildings £	Computer equipment £	Furniture, fixtures and fittings £	Motor vehicles £	Total £
Direct Charitable purposes.					
Provision of education	15,708,457	133,471	333,167	1,053	16,176,148
Support Management and administration	7,631,630	64,845	161,863	1,978	7,860,316
	<u>91,383</u>	<u>776</u>	<u>1,938</u>	<u>-</u>	<u>94,097</u>
	<u>23,431,470</u>	<u>199,092</u>	<u>496,968</u>	<u>3,031</u>	<u>24,130,561</u>

Notes (continued)

14 Debtors

	2010 £	2009 £
Trade debtors	43,631	19,885
Prepayments	126,530	60,787
Other debtors	<u>78,449</u>	<u>88,144</u>
	<u>248,610</u>	<u>168,816</u>

15 Creditors amounts falling due within one year

Trade creditors	295,039	103,519
Other creditors including taxation and social security	136,251	108,494
Accruals and deferred income	280,725	232,915
Capital creditors	<u>59,816</u>	<u>129,261</u>
	<u>771,831</u>	<u>574,189</u>

16 Statement of funds

The income funds comprise the following

	Balance at 1 September 2009 £	Incoming resources £	Resources expended £	Transfers £	Actuarial loss £	Balance At 31 August 2010 £
Unrestricted funds						
General fund	2,468,649	935,451	(489,869)	(25,715)	(34,000)	2,854,516
Designated fixed asset fund	<u>2,580,491</u>	<u>-</u>	<u>(57,883)</u>	<u>18,804</u>	<u>-</u>	<u>2,541,412</u>
	<u>5,049,140</u>	<u>935,451</u>	<u>(547,752)</u>	<u>(6,911)</u>	<u>(34,000)</u>	<u>5,395,928</u>
Restricted funds						
Government capital expenditure	22,053,526	286,683	(747,380)	(3,680)	-	21,589,149
DfE grants	<u>1,158,922</u>	<u>7,137,762</u>	<u>(6,290,732)</u>	<u>10,591</u>	<u>-</u>	<u>2,016,543</u>
	<u>23,212,448</u>	<u>7,424,445</u>	<u>(7,038,112)</u>	<u>6,911</u>	<u>-</u>	<u>23,605,692</u>
Total funds	<u>28,261,588</u>	<u>8,359,896</u>	<u>(7,585,864)</u>	<u>-</u>	<u>(34,000)</u>	<u>29,001,620</u>

Designated fixed asset funds are funds provided by private donations which the Governors have designated to use on capital projects

The restricted DfE grants fund relates to Government funding for the continuing operation of the Academy

Notes (continued)

16 Statement of funds (continued)

The Government capital grant funds are provided by the Government for specific capital projects. Such funds continue to be treated as restricted due to ongoing restrictions imposed by the DfE and sponsors over the use and disposal of the related assets.

Transfers between funds relate to amounts designated by the Governors in respect of additions to fixed assets during the year funded by unrestricted funds.

17 Analysis of net assets between funds

	General funds	Designated Fixed Asset Fund	Restricted Fixed Asset Fund	Restricted Income Fund	Total
	£	£	£	£	£
Tangible fixed assets	-	2,541,412	21,589,149	-	24,130,561
Current assets	3,057,516	-	-	2,788,374	5,845,890
Current liabilities	-	-	-	(771,831)	(771,831)
Pension scheme liability	(203,000)	-	-	-	(203,000)
	<u>2,854,516</u>	<u>2,541,412</u>	<u>21,589,149</u>	<u>2,016,543</u>	<u>29,001,620</u>

18 Analysis of net funds

Reconciliation of net cash flow to movement of funds

	2010 £	2009 £
At beginning of year	4,151,944	2,648,377
Increase in cash in the year	<u>1,445,336</u>	<u>1,503,567</u>
Net funds at end of year	<u>5,597,280</u>	<u>4,151,944</u>

Notes (continued)

19 Pension Scheme

The Charitable Company is a member of two pension schemes

Teachers Pension Scheme (TPS)

The Charitable Company participates in the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the Academy.

The latest actuarial valuation of the Scheme by the Government Actuary published in November 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the Scheme's assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) by 2.0%.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance the Scheme's assets and liabilities within 15 years as required by the regulations), a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable. The valuation of the Scheme by the Government Actuary as at 31 March 2008 has not yet been published.

The pension charge for the year includes contributions payable to the scheme of £337,163 (2009 £279,421).

Local Government Pension Scheme ("LGPS")

The support staff are members of the LGPS providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Charitable Company.

The contribution for the year was £80,956 (2009 £63,359).

The amounts recognised in the balance sheet, based on the 31 July 2010 valuation, are as follows:

	2010	2009
	£000	£000
Present value of funded obligations	(630)	(379)
Fair value of plan assets	427	260
Deficit	<u>(203)</u>	<u>(119)</u>
Amounts recognised as		
Liabilities	(203)	(119)
Assets	-	-
Net amount recognised	<u>(203)</u>	<u>(119)</u>

Notes (continued)

19 Pension Scheme (continued)

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

	2010 £000	2009 £000
Opening defined benefit obligation	379	278
Current service cost	122	119
Interest cost	29	20
Member contributions	45	35
Benefits paid	(13)	(3)
Actuarial losses/(gains)	<u>68</u>	<u>(70)</u>
Benefit obligation at end of year	<u>630</u>	<u>379</u>

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

	2010 £000	2009 £000
Opening fair value of scheme assets	260	186
Expected return on scheme assets	21	16
Actuarial gains/(losses)	34	(36)
Employer contributions	80	62
Member contributions	45	35
Benefits paid	<u>(13)</u>	<u>(3)</u>
Fair value of scheme assets at end of year	<u>427</u>	<u>260</u>

The amounts included within the Statement of Financial Activities are as follows

	2010 £000	2009 £000
Current service cost	122	119
Interest cost	29	20
Expected return on plan assets	(21)	(16)
Excess of contributions against Actuary	<u>1</u>	<u>1</u>
Total amount charged within net incoming/(outgoing) resources	131	124
Actuarial losses/(gains)	<u>34</u>	<u>(34)</u>
Total amount charged to the Statement of Financial Activities	<u>165</u>	<u>90</u>

The cumulative total recognised actuarial losses figure is £71,000

Notes (continued)

19 Pension Scheme (continued)

The weighted- average asset allocation at the year end was as follows

<u>Asset category</u>	Expected rate of return	Plan assets at 31/07/2010 £000	Expected rate of return	Plan assets at 31/07/2009 £000
Equities	7.5%	304	7.50%	177
Government bonds	4.2%	38	4.50%	31
Other bonds	5.1%	35	5.80%	20
Property	6.5%	41	6.50%	24
Other	0.5%	9	0.50%	8
		<u>427</u>		<u>260</u>

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the following assumptions

Weighted average assumptions used to determine benefit obligations at

	2010	2009
Discount rate	5.50%	6.30%
Rate of compensation increase	5.25%	5.55%
Rate of pension increase	3.00%	3.80%

Weighted average assumptions used to determine net pension cost for year ended

	2010	2009
Discount rate	6.30%	5.60%
Expected long term return on plan assets	6.71%	6.91%
Rate of compensation increase	5.55%	5.45%
Rate of pension increase	3.80%	3.70%

Life expectancies from age 65

	2010	2009
Retiring today		
Males	21.2	21.2
Females	24.0	24.0
Retiring in 20 years		
Males	22.2	22.2
Females	25.0	25.0

Notes (continued)

19 Pension Scheme (continued)

History	Financial year ending in 2010 £000	Financial year ending in 2009 £000	Financial year ending in 2008 £000
Benefit obligation at end of year	(630)	(379)	(278)
Fair value of plan assets at end of year	<u>427</u>	<u>260</u>	<u>186</u>
Surplus/ (deficit)	<u>(203)</u>	<u>(119)</u>	<u>(92)</u>
Difference between expected and actual return on scheme assets	2010	2009	2008
Amount (£000)	34	(36)	(19)
Percentage of scheme assets	8.0%	(13.8%)	(10.2%)
Experience gains and losses on scheme liabilities			
Amount (£000)	NIL	NIL	NIL
Percentage of scheme liabilities	NIL	NIL	NIL
Total amount recognised in statement of total recognised gains and losses			
Amount (£000)	(34)	34	(71)
Percentage of scheme liabilities	(5.4%)	9.0%	(25.2%)

Contributions

The employer expects to contribute £80,000 in the year to 31 July 2011

20 Lease commitments

Operating leases

The Charitable Company has the following annual commitments under operating leases, other than land and buildings, which expire as follows

	2010 £	2009 £
In two to five years	<u>20,754</u>	<u>40,318</u>

Notes (continued)

21 Capital commitments

Capital commitments at the end of the financial year, for which no provision has been made, total £2,365,294 (2009 £Nil)

22 Contingent Liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the DfE the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the DfE

Upon termination of the Funding Agreement, whether as a result of the DfE or the Academy serving notice, the Academy shall repay to the DfE sums determined by reference to

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the DfE under the Funding Agreement

23 Related parties

The Earl of Selborne KBE, PWS Brewis and HM Fenwick are members of The Mercers' Company which provided sponsorship of £28,300 (2009 £30,300) to the Charitable Company in the year

24 Income and expenditure account

	2010 £	2009 £
Income		
DfE capital grant	303,964	252,345
DfE annual per capita grant	6,160,543	5,448,174
Other DfE grant	<u>931,638</u>	<u>758,577</u>
	7,396,145	6,459,096
 Sponsorship income	 28,300	 30,300
Bank interest receivable	5,677	45,018
Other income	<u>929,774</u>	<u>813,767</u>
	<u>8,359,896</u>	<u>7,348,181</u>
 Expenditure		
Grant expenditure	(6,290,732)	(5,196,187)
Non-grant expenditure	(489,869)	(516,260)
Depreciation	<u>(805,263)</u>	<u>(775,501)</u>
	<u>(7,585,864)</u>	<u>(6,487,948)</u>
 Surplus for the financial year	 <u><u>774,032</u></u>	 <u><u>860,233</u></u>

Notes (continued)

24 Income and expenditure account (Continued)

Statement of total recognised Gains and Losses

Surplus for the financial year	774,032	860,233
Actuarial gain/(loss) on defined benefit scheme	<u>(34,000)</u>	<u>34,000</u>
Total recognised gain for the year	<u><u>740,032</u></u>	<u><u>894,233</u></u>
Transferred to funds		
Unrestricted funds	1,317,505	1,151,282
Restricted fixed asset funds	<u>(503,456)</u>	<u>(579,740)</u>
Restricted income funds	<u><u>(74,017)</u></u>	<u><u>322,691</u></u>
	<u><u>740,032</u></u>	<u><u>894,233</u></u>