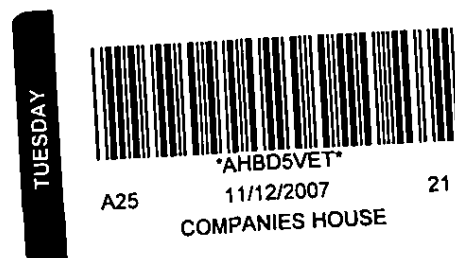




St Mark's Church of England Academy Trust

Report and Financial Statements

31 August 2007



Company Limited by Guarantee
Registration Number 5875416
(England and Wales)

Charity Registration Number 1121019

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Reference and administrative information

Trustees (Governing Body)	Christopher Skilton (Chairman) Clive Adderley Stephen Coulson Terry Drummond Vincent McDonnell Charmaine Oduşina Winsome Thomas Louise Ceska (Principal) Marcus James (Staff Governor) John Rouse (Parent Governor)
As at date of financial statements approval	
Secretary	Barbara Lane
Registered office	48 Union Street London SE1 1TD
Company registration number	5875416 (England and Wales)
Charity registration number	1121019
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	The Co-operative Bank Delf House Skelmersdale Lancashire WN8 6WT
Solicitors	Winckworth Sherwood Deans Court St Pauls London EC4V 5AA

Trustees' report Period to 31 August 2007

The trustees of St Mark's Church of England Academy Trust ('the Academy'), who are also directors of the Academy for the purposes of the Companies Act, present their statutory report and the audited financial statements for the period from incorporation on 13 July 2006 to 31 August 2007

The report has been prepared in accordance with Part VI of the Charities Act 1993

The financial statements have been prepared in accordance with the accounting policies set out on pages 15 to 17 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005')

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Academy is a company limited by guarantee and a registered charity which was incorporated on 13 July 2006. The company's memorandum and articles of association are the primary governing documents of the Academy. Members of the company are nominated by the Secretary of State for Children, Schools and Families. The articles of association require the members of the company to appoint at least three trustees to be responsible for the affairs of the company and the management of the Academy.

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad curriculum with a strong emphasis on, but in no way limited to, science, enterprise, and technology to be conducted in accordance with the principles and practices of the Church of England, while respecting and recognising other faiths.

Legal status and members' liability

The Academy is a company limited by guarantee, without share capital, and a registered charity. 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 £10, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees

The Academy has provision for the following trustees: nine founding sponsors, the Principal, one member of staff, one trustee from Merton Local Education Authority, and a parent of a pupil at the school. In addition, the Academy may appoint up to two co-opted trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees (continued)

The following trustees were in office at 31 August 2007 and served throughout the period from incorporation, except where shown

Trustee	Appointed	Status	Committees
Christopher Skilton (Chair)	17 July 2006	SDBE Sponsor Director	F
Stephen Coulson	17 July 2006	SDBE Sponsor Director	C
Clive Adderley	17 July 2006	CfBT Sponsor Director	F
Vincent McDonnell	12 October 2006	CfBT Sponsor Director	C, B
Terry Drummond	17 July 2006	TocH Sponsor Director	B
Charmaine Odusina	1 September 2006	TocH Sponsor Director	F
Winsome Thomas	15 May 2007	TocH Sponsor Director	C
Louise Ceska	1 September 2006	Principal	C, F, B
Marcus James	19 March 2007	Staff Governor	C, F
John Rouse	26 June 2007	Parent Governor	C
Committees	C – Enjoy & Achieve (Curriculum) Committee F – Finance, Risk & Personnel B – Buildings / Health & Safety		

No trustee received any remuneration in respect of their duties as a trustee from the Academy during the period. The Memorandum and Articles of Association form the basis of the way in which the Academy is governed.

Statement of trustees' responsibilities

Company law requires the trustees (who are the directors of the company for the purpose of the Companies Act) to prepare financial statements which give a true and fair view of the state of affairs of the Academy at the end of the financial period and of its surplus or deficit for that period. In preparing financial statements giving a true and fair view, the trustees are required to

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and which enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that

- ◆ so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of trustees' responsibilities (continued)

- ◆ the trustee has taken all steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Organisational structure

St Mark's Church of England Academy is governed by a governing body constituted under a Memorandum of Association and Articles of Association. The governing body is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy and shall consider any advice given by the head teacher, addressing such matters as

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

A full governing body meeting is held at least once a school term

The Senior Managers of the Academy (the Senior Leadership Team) are the Principal, Deputy Principal, three Assistant Principals and the Bursar. These managers operate as the executive team, implementing policies approved by the Governors and monitoring performance.

Connected organisations

The Southwark Diocesan Board of Education, CfBT Education Trust and TocH are the sponsors of St Mark's Church of England Academy Trust.

Risk management

The Board of Governors is responsible for the management of risks faced by the Academy. Detailed consideration of risk is delegated to the Finance, Risk and Personnel Committee who are assisted by key members of the Senior Leadership Team. The Academy has a number of operational policies which limit risks, such as staff vetting procedures. The management structure and accountability arrangements plus the Committee structures are seen as key areas of control and risk management. The Academy has a comprehensive suite of insurance policies.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement on the system of internal financial control

As governors, the trustees acknowledge they have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The trustees 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 its publication is reliable,
- ◆ the Academy complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement. They are 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

- ◆ budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees,
- ◆ reviews by the trustees 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 guidelines,
- ◆ delegation of authority and segregation of duties,
- ◆ identification and management of risks
- ◆ the Academy has appointed a Responsible Officer, whose role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems

OBJECTIVES AND ACTIVITIES

The sole activity of the company is the operation of St Mark's Church of England Academy to provide education for pupils of different abilities between the ages of 11 and 18 with an emphasis on science, enterprise and technology. The main objectives of the Academy are summarised below

- ◆ To raise the standard of educational achievement of all pupils,
- ◆ To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- ◆ To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- ◆ To provide value for money for the funds expended,

OBJECTIVES AND ACTIVITIES (continued)

- ♦ To comply with all appropriate statutory and curriculum requirements,
- ♦ To maintain close links with industry and commerce,
- ♦ To conduct business in accordance with the highest standards of integrity, probity and openness

The Academy's vision is that St Mark's Academy is an outstanding Church of England school, having an inspirational and innovative learning community with a distinctive and inclusive Christian ethos in which everyone can fulfil their potential and achieve, become lifelong learners, and make a positive contribution

Equal opportunities

The Academy is committed to the principle of equal opportunities and seeks to ensure the working environment values the needs of all employees and students

It is the policy of the Academy to support the recruitment and retention of employees and students with disabilities by making resources available and through training and career development

ACHIEVEMENTS AND PERFORMANCE

St Mark's Church of England Academy opened in September 2006 with 673 pupils, a figure which has now risen to 813. This represents the growing confidence in the Academy as expressed by parents and the wider community. St Mark's replaced Mitcham Vale School through the accelerated route, which was subject to a number of challenges and resulted in pupils finishing the summer term 2006, not knowing whether they would be returning to Mitcham Vale School or the new Academy. However, since it has opened, St Mark's has made rapid progress in establishing strong foundations which enable all pupils to feel valued and to work towards fulfilling their potential.

The Christian ethos of the school is developing in a clear and tangible way and every day at the Academy starts with an Act of Worship including the lighting of the Peace Candle, a simple pupil-led gesture which commits the entire community to peace.

The Academy specialises in Science, Technology and Enterprise and extends the school day to 4pm three times a week through its exciting Enrichment Programme. This enables pupils to enjoy a wide range of interesting activities including Latin, Japanese, Taekwondo, Choir, Samba Band, Robotics and Dance.

St Mark's enjoys excellent support from its Governors and three Sponsor groups – Southwark Diocesan Board of Education, ToCH and CfBT, all of whom have a long tradition of promoting excellence in education and community cohesion.

Pupils enjoy their education at St Mark's and appreciate the many improvements that have taken place since the Academy opened. The Academy Student Council includes representatives from all year groups and enables pupils to have an opportunity to make their views known. The Prefects have all received training and enjoy the extra responsibility given to them. The Big Brother/Big Sister programme enables a team of Year 10 pupils to act as mentors for the youngest children in the school.

ACHIEVEMENTS AND PERFORMANCE (continued)

The Sixth Form opened in September 2007 with 58 pupils who are studying a wide range of subjects from re-take English and Maths to the three Sciences at AS/A2 level. There are also three very exciting BTEC courses being offered in Music, Art and Drama.

The first set of GCSE results for the Academy were encouraging, with 26% of the pupils in Year 11 gaining 5 A*-C (up from 21% in the final year of the predecessor school), 86% gaining 5 A*-G and 100% gaining at least one GCSE A*-G.

Priorities for the year 2007/2008 include further improving teaching and learning so that all lessons taught at the Academy are at least satisfactory, with the majority being good or better.

PLANS FOR FUTURE PERIODS

All committees will continue to work towards meeting the aims of the Academy, their key objectives will continue to be value for money and raising educational standards, ensuring the School Development Plan targets are achieved or bettered.

The Academy is planning a major capital scheme to improve and refurbish areas of the school. Building work is expected to commence Summer 2008 and last twelve months.

FINANCIAL REVIEW

Financial position

Total income for the year was £6,653,000 and expenditure amounted to £5,839,000. After including the FRS 17 adjustments for the Local Government Pension Scheme, this resulted in a net surplus for the year of £712,000.

The £712,000 surplus is made up of £661,000 restricted funds, including a pension reserve deficit of £175,000, and £51,000 of unrestricted general funds. The restricted funds comprise £748,000 for the restricted fixed asset reserve and a deficit of £87,000 on the general restricted funds.

Financial report for the period

The financial statements are prepared in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) and guidance issued by the DCSF set out in the Academies Financial Handbook.

The total income for the year was £6,653,000, 91% of which was obtained as DCSF grants, with 9% of income as government grants from the London Borough of Merton (LB Merton). These grants and the associated expenditure are shown as restricted funds in the statement of financial activities.

The £6,047,000 received from the DCSF was a combination of the General Annual Grant, £4,918,000, some specific Earmarked Grants of £754,000, and capital grants of £375,000. The capital grants were part of the Academy's major refurbishment project and were a combination of drawdown for ICT development and design/project management costs.

FINANCIAL REVIEW (continued)

Financial report for the period (continued)

Almost all expenditure relates to the Academy's educational activities, with a small amount (0.6%) identified as governance and expenditure relating to income generating activities. Over half (55%) of expenditure was for teacher and educational support staff, with a further 15% being direct educational costs. The remaining 30% of costs cover support staff, maintenance, cleaning and all other costs.

At 31 August 2007 the net book value of fixed assets was £748,000 and movements in tangible fixed assets are shown in note 13 to the financial statements. Grants for fixed assets, in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Reserves policy

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

AUDITORS

The auditors, Buzzacott, were appointed as the first auditors during the period and will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On 30 September 2007, Buzzacott, the Academy's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The trustees have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP.

Approved by the trustees and signed on their behalf by

Trustee *Chris Skilton*

Approved by the trustees on *27th November 2007*

Report of the independent auditors to the members of St Mark's Church of England Academy Trust

We have audited the financial statements on pages 11 to 29 which have been prepared in accordance with the accounting policies set out on pages 15 to 17

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 trustees and auditors

As described on page 3 the trustees, who are also the directors of St Mark's Church of England Academy Trust for the purposes of company law, are responsible for the preparation of the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the Academy has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We review whether we are satisfied that the Academy's systems of internal controls are such as to comply with the obligations placed on the Governing Body by the Secretary of State for Children, Schools and Families.

We read other information contained in the trustees' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We report to you whether in our opinion the information given in the trustees' report is consistent with the audited financial statements.

Basis of 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 judgements made by the trustees 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.

Basis of opinion (continued)

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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

- (a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Academy as at 31 August 2007 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985,
- (b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families in respect of the relevant financial period,
- (c) proper accounting records have been kept by the Academy throughout the financial period,
- (d) grants made by the Department for Children, Schools and Families have been applied for the purposes intended,
- (e) the information given in the trustees' report is consistent with the financial statements

Buzzacott LLP

Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

27 November 2007

Statement of financial activities Period to 31 August 2007

	Notes	Unrestricted Funds £'000	Restricted General Fund £'000	Restricted Fixed assets £'000	Total Funds 2007 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	13	-	-	13
Activities for generating funds	3	41	-	-	41
Interest receivable	4	19	-	-	19
Incoming resources from charitable activities					
Academy's educational operations	5	-	6,124	456	6,580
Total incoming resources		73	6,124	456	6,653
Resources expended					
Charitable activities					
Academy's educational operations	6	22	5,394	93	5,509
Development costs	7	-	317	-	317
Governance costs	8	-	13	-	13
Total resources expended		22	5,724	93	5,839
Net incoming resources before transfers		51	400	363	814
Gross transfers between funds		-	(385)	385	-
Net incoming resources					
Before other recognised gains and losses		51	15	748	814
Other recognised gains and losses					
Brought forward deficit on pension scheme	18	-	(212)	-	(212)
Actuarial gains on defined benefit pension schemes	18	-	110	-	110
Net movement in funds		51	(87)	748	712
Fund balances carried forward at 31 August 2007		51	(87)	748	712

All of the Academy's activities derived from operations which commenced during the period ended 31 August 2007. There is no difference between the net movement in funds included above and its historical cost equivalent.

Income & Expenditure Account Period to 31 August 2007

	Notes	2007 £'000
Income		
General Annual Grant (GAG)	1	4,918
DCSF capital grants	5	375
Other DCSF grants	5	754
Other grants	5	533
Donations	2	13
Interest receivable	4	19
Other income	3	41
Total income		6,653
Expenditure		
General Annual Grant (GAG) related expenditure	1	4,707
Other DCSF grant expenditure		538
Other grant expenditure		479
Depreciation	13	93
Other expenditure		22
Total expenditure		5,839
Excess of income over expenditure		814

Statement of Total Recognised gains and losses Period to 31 August 2007

	Notes	2007 £'000
Excess of income over expenditure		814
Actuarial gains on defined benefit pension schemes	18	110
Brought forward actuarial deficit on defined benefit pension schemes		(212)
Total recognised gains for the period		712
Net movement to funds		
Restricted funds		661
Unrestricted general fund		51
		712

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 11 which, together with notes to the financial statements on pages 18 to 29, provides full information on the net movements during the period on all funds of the Academy

Balance Sheet 31 August 2007

	Notes	2007 £'000	2007 £'000
Fixed assets			
Tangible assets	13		748
Current assets			
Debtors	14	235	
Cash at bank and in hand		497	
		<u>732</u>	
Creditors amounts falling due within one year	15	<u>(593)</u>	
Net current assets			<u>139</u>
Net assets excluding pension liability			<u>887</u>
Pension scheme liability	18		(175)
Net assets including pension liability			<u><u>712</u></u>
Represented by:			
Funds and reserves			
Income funds:			
Restricted funds	16		
Fixed assets			748
General			88
Pension reserve			<u>(175)</u>
			661
Unrestricted funds			
General fund			51
			<u><u>712</u></u>

Approved by the trustees and signed on their behalf by

Trustee *Chris Skilton*

Approved on *27th November 2007*.

Cash Flow Statement 31 August 2007

	2007 £'000
Cash inflow from operating activities	
<i>Receipts</i>	
DCSF General Annual Grant	4,918
Other DCSF grants	240
Other Government grants	341
Other receipts	62
Total receipts	<u>5,561</u>
<i>Payments</i>	
Staff costs	(2,980)
Other cash payments	(2,331)
Total payments	<u>(5,311)</u>
Net cash inflow from operating activities	<u>250</u>
Returns on investments and servicing of finance	
Interest received	<u>19</u>
Capital expenditure and financial investment	
Capital grants	655
Payments to acquire fixed assets	(427)
	<u>228</u>
Increase in cash	<u>497</u>

Principal accounting policies 31 August 2007

Format of financial statements

The standard format for the financial statements as required by the Companies Act 1985 scheduled 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the Academy

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985 Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements

Incoming resources

Grants receivable

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

Gifts in kind

Gifts in kind provided to the Academy are recognised in the statement of financial activities at their value to the Academy, as determined by the trustees, 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 an accruals basis

Resources expended and the basis of apportioning costs

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

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the Academy's charitable activities and governance Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned

Principal accounting policies 31 August 2007

Resources expended and the basis of apportioning costs (continued)

Governance costs

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

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised

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

- ◆ Furniture and fittings 20% p a
- ◆ Computer equipment 20% - 33% p a

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

Fund accounting

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

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

Taxation

The Academy is a registered charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

Principal accounting policies 31 August 2007

Pensions

Academy staff are members of one of two multi-employer defined benefit pension schemes. More details of the schemes are given in note 18.

Defined Benefit Schemes

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 DCSF. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme

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

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Notes to the financial statements 31 August 2007

1	General Annual Grant (GAG)	2007 £'000
	Results and carry forward for the period	
	GAG allocation for current year	
	GAG awarded	
	School budget share	2,732
	Other GAG elements	2,186
	Total GAG available to spend	4,918
	Recurrent expenditure from GAG	(4,707)
	Fixed assets purchased from GAG	(197)
	Charge against GAG available	(4,904)
	GAG carried forward to next year	14
	Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(590)
	GAG to surrender to DCSF (12% rule breach if result is positive)	
	- no breach	(576)
2	Voluntary Income	2007 £'000
	Donations	13
3	Activities generating funds	2007 £'000
	Lettings income	30
	Other	11
		41
4	Investment Income	2007 £'000
	Bank Interest	19

Notes to the financial statements 31 August 2007

5 Funding for Academy's educational operations	2007
	£'000
DCSF revenue grants	
General Annual Grant (GAG) (note 1)	
School Budget Share	2,732
LA Holdback	263
School Standards Grant	97
Personalisation	133
Specialist School Funding	91
Insurance	126
VAT Grant	159
Teachers' Threshold	67
LGPS	24
School Meals Grant	7
Start Up A	687
Start Up B	532
GAG Total	<u>4,918</u>
Other DCSF revenue grants	
Feasibility	175
Implementation	317
Environmental Improvement	157
Educational Improvement	105
	<u>754</u>
Other grants	
London Borough of Merton	447
Other	5
	<u>452</u>
Capital Grants	
DCSF	375
London Borough of Merton	81
	<u>456</u>
	<u>6,580</u>

Notes to the financial statements 31 August 2007

6	Charitable Activities - Academy's educational operations	2007
		£'000
	Direct costs	
	Teaching and educational support staff costs	3,045
	Educational resources/equipment	329
	Examination fees	43
	Consultancy/Professional Services	239
	Other supplies and services	130
	Depreciation	93
		<u>3,879</u>
	Educational support costs	
	Support staff costs	598
	Maintenance	198
	Occupancy costs	177
	Catering	78
	Cleaning	156
	Insurance	127
	Furniture and equipment	89
	Other supplies and services (includes all staff advertising costs)	207
		<u>1,630</u>
		5,509
7	Development Costs	2007
		£'000
	Project management expenses	210
	Legal expenses	48
	Marketing expenses	43
	Finance systems expenses	16
		<u>317</u>
8	Governance Costs	2007
		£'000
	Audit fees	10
	Insurance	3
		<u>13</u>

Notes to the financial statements 31 August 2007

9 Staff Costs	2007
	£'000
Wages and salaries	2,594
Social security costs	213
Pension contributions - normal contributions	274
Pension contributions - FRS17 charge	70
	3,151
Supply staff costs	492
	3,643

The number of employees during the period who earned over £60,000 in the period (including benefits) was as follows

	2007
£60,000 - £70,000	1
£90,000 - £100,000	1

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2007 expressed as full time equivalents was as follows

	2007
Charitable activities	
Teachers	40
Educational Support, Administration and Other staff	44
Management	5
	89

10 Trustees' remuneration

None of the trustees received any remuneration nor reimbursed expenses in respect of their services as a trustee during the period

None of the Academy's sponsors have been paid any remuneration or expenses during the period. The Academy has not conducted any business with any of the main sponsor's companies

Notes to the financial statements 31 August 2007

11 Trustees' and Officers' insurance

In accordance with the articles of association the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2 million in aggregate for an annual policy period. The cost for the period ended 31 August 2007 was £2,888.

12 Taxation

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

13 Tangible fixed assets

	Furniture, fittings & equipment £'000	Computer Equipment & Software £'000	Assets under Construction £'000	Total £'000
Cost				
Additions	15	454	372	841
At 31 August 2007	15	454	372	841
Depreciation				
Charge for period	(3)	(90)	-	(93)
At 31 August 2007	(3)	(90)	-	(93)
Net book values				
At 31 August 2007	12	364	372	748

Tangible fixed assets have been funded from the following sources

	2007 £'000
DCSF	788
Other grants	53
	841
Less Accumulated depreciation	(93)
	748

The land on which the Academy is sited is leased from The Manor and Burgesses of the London Borough of Merton at a peppercorn rent over a term of 999 years from 4 September 2006. No value has been placed on this property in the financial statements due to the restrictive covenants on the asset.

Notes to the financial statements 31 August 2007

14 Debtors

	2007 £'000
DCSF capital grant receivable	102
Other debtors	133
	235

15 Creditors: amounts falling due within one year

	2007 £'000
Trade creditors	473
Taxation and social security	78
Accruals and deferred income	42
	593

16 Restricted funds

The income funds of the Academy include restricted funds comprising the following unexpended balances of grants held for specific purposes

	Incoming resources £'000	Resources expended £'000	Transfers & other gains & losses £'000	At 31 August 2007 £'000
DCSF revenue grant fund				
General Annual Grant (GAG)	4,918	(4,633)	(197)	88
Other grants	754	(538)	(216)	-
Pension reserve	-	(73)	(102)	(175)
	5,672	(5,244)	(515)	(87)
Other				
LEA	447	(474)	27	-
Other	5	(5)	-	-
	452	(479)	27	-
Fixed asset fund				
DCSF capital grant	375	(93)	412	694
Other	81	-	(27)	54
	456	(93)	385	748
Total restricted funds	6,580	(5,816)	(103)	661

Notes to the financial statements 31 August 2007

16 Restricted funds

Transfers between funds relate to the purchase of fixed assets from revenue grants and donations

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

DCSF revenue grant fund and other restricted funds

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

Fixed asset fund

These grants relate to funding received from the DCSF and LB Merton

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the London Borough of Merton Pension Scheme

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds		Total 2007 £'000
		DCSF £'000	Fixed assets funds £'000	
Fund balances at 31 August 2007 are represented by				
Tangible fixed assets	-	-	748	748
Current assets	57	447	228	732
Creditors amounts falling due within one year	(6)	(359)	(228)	(593)
Pension scheme liability	-	(175)	-	(175)
Total net assets	51	(87)	748	712

Notes to the financial statements 31 August 2007

18 Pension commitments

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employers and employees

a) Teachers

Teaching staff are members of the Teachers' Pension Scheme (TPS)

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, the scheme is classed as a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it was a defined contribution scheme. The Academy has set out below the latest information available for the scheme.

The TPS is an unfunded scheme whereby contributions are made to the government exchequer and pension payments are paid from it. Any deficit is met from government resources on a continuing basis, whereas any excess is deemed to be an investment in government securities and the notional interest credited to the scheme.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The latest actuarial valuation of the scheme was at 31 March 2004 and significant facts concerning the scheme are given as below.

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. The employer contribution rate for the period to 31 December 2006 was 13.5% and from 1 January 2007 the rate increased to 14.1%.

The total employer's contribution for the period ended 31 August 2007 was £163,000.

Notes to the financial statements 31 August 2007

18 Pension commitments (continued)

b) Non-teachers

The Academy is one of several employing bodies included within the London Borough of Merton Pension Fund

The assets of the scheme are held independently of the Academy's finances. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution made for the period ended 31 August 2007 was £111,000 of which employer's contributions totalled £72,000 and employees' contributions totalled £39,000. The agreed contribution rates for the period ended 31 August 2007 were 11.1% for employers and 6% for employees.

The most recent valuation, at 31 March 2004, showed that the assessed value of the entire Local Government pension Scheme's assets was £81,182 million and that the actuarial value of those assets represented 75% of the benefits that had accrued to members, after allowing for expected future increases in earnings. No allowance was made for possible discretionary increases in pensions beyond those prescribed in the scheme rules.

FRS 17

In order to assess the actuarial value of the Academy's assets and liabilities as at 31 August 2007, the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2004. The major assumptions used by the actuary were:

	2007 % per annum
Rate of increase in salaries	3.5%
Rate of increase in pension payments	3.5%
Discount rate	5.8%
Inflation assumptions	3.5%

Notes to the financial statements 31 August 2007

18 Pension commitments (continued)

b) Non-teachers (continued)

The estimated share of the assets in the scheme attributable to the Academy and the expected rates of return were

	Expected return at 31August 2007 %	Value at 31August 2007 £'000
Equities	7.9%	519
Gilts	4.8%	130
Property	7.4%	34
Cash	5.8%	51
Total market value of assets		734
Present value of scheme liabilities		(909)
Deficit in scheme		(175)

	Period ended 31 August 2007 £'000
Analysis of the amount charged to the statement of financial activities	
Service cost	142
Total operating charge	142
Analysis of net return on pension scheme	
Expected return on pension scheme assets	37
Interest on pension liabilities	(40)
Net return	(3)
Amount recognised in the statement of total recognised gains and losses (STRGL)	
Actual return less expected return on pension scheme assets	11
Changes in financial assumptions underlying the present value of the scheme liabilities	99
Actuarial gain recognised in the STRGL	110

Notes to the financial statements 31 August 2007

18 Pension commitments (continued)

b) Non-teachers (continued)

	Period ended 31 August 2007 £'000
Movement in deficit during the period	
Deficit at beginning of the period	(212)
Current service cost	(142)
Employer contributions	72
Other finance income	(3)
Actuarial gain	110
Deficit at 31 August 2007	(175)
	Period ended 31 August 2007 £'000
History of experience gains and losses	
Difference between the expected and actual return on assets	11
Value of assets	734
Percentage of assets	1.5%
Experience gains / (losses) on liabilities	-
Present value of liabilities	909
Percentage of the present value of liabilities	-
Actuarial gains / (losses) recognised in STRGL	110
Present value of liabilities	909
Percentage of the present value of liabilities	12.1%

Notes to the financial statements 31 August 2007

19 Post Balance Sheet Events

There were no post balance sheet events after 31 August 2007

20 Contingent liabilities

Funding agreement

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 Secretary of State for Children Schools and Families 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 Academy serving notice, the Academy shall repay to the Secretary of State 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 Secretary of State under the Funding Agreement