

**MALTBY ACADEMY**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2011**



***Company Limited by Guarantee***

***Registration Number:  
7033915 (England and Wales)***

WEDNESDAY



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# **Governors and Accounting Officer's Annual Report**

## **Structure, Governance and Management**

### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no 7033915). The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by either the Secretary of State for Education or by U-Explore Ltd, the main sponsors of the Academy. The articles of association require the members of the charitable company to appoint at least four governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

### **Members' liability**

Each member of the charitable 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.

### **Governance**

The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

During the year under review the governors held 4 meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the individual.

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

### **Organisational Structure**

During the year a revised leadership structure was introduced to help improve the way the Academy is run. The structure now consists of three levels: the Governors, The Senior Leadership Team and the Middle Leadership Group. The aim of the leadership and management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leaders are the Principal, two Vice Principals, four Assistant Principals and the Director of Business and Finance. These leaders control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Leadership Team always contain a Governor. Some spending control is devolved to members of the Middle Leadership Group, with limits above which a Senior Leader must countersign.

The Middle Leadership Group includes Subject Leaders and other key specialists. These leaders are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

#### **Connected organisations**

U-Explore, are lead sponsor with Rotherham Metropolitan Borough Council (RMBC) as a Co-sponsor to Maltby Academy. Since opening RMBC has provided an initial Endowment of £250,000 in the financial period ending August 2011. The Academy works closely with Sheffield Hallam University (SHU) as the agreed learning partner.

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## **Strategic Direction**

### **Objects, aims and objectives for Public Benefit**

The principal object and activity of Maltby Academy is to advance, for the public benefit, education for students of different abilities between the ages of 11 and 19 with an emphasis on Business and Enterprise

The governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives

In accordance with the articles of association the company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Business and Enterprise and their practical applications

The main objectives of the Academy during the year ended 31 August 2011 are summarised below

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all students,
- 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,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

### **Strategies and activities**

The Academy's main strategy is encompassed in its vision statement which is 'to develop and deliver an innovative and inspiring education to all students that will 'qualify' them to enter the world of work with an excellent understanding of how to apply themselves in work and life". To enable the vision to be realised, the Academy Will

- Create personalised learning spaces which will raise levels of attainment and engagement at all ages
- Further develop enterprising and ambitious learning and learners
- Lead learning across Rotherham and beyond
- Construct a seamless 0-19 learning pathway with effective and engaging transition programmes
- Reflect and develop the use of cutting edge technologies in all areas of the Academy's work
- Fully involve business and employers in the Academy's learning venture
- Be an integral part of the community and establish close, constructive relationships with parents and the wider community
- Help students understand the society and world in which they live and to develop the skills and knowledge necessary for active citizenship

### **Equal opportunities and employment of disabled persons**

The Academy is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We

strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry This policy will be resourced, implemented and monitored on a planned basis

The Academy's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned Where an existing employee becomes disabled, every effort is made to ensure that employment with the Academy continues The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees An equalities plan is published each year and monitored by managers and governors

#### **Disability statement**

The Academy seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005

- a) As part of its accommodation strategy the Academy updated its access audit Responsible staff conducted a full access audit during 2010/11
- b) The Academy has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities
- c) The Academy can make available for use by students a range of assistive technology in the learning centre
- d) The admissions policy for all students is described in the Academy Prospectus Appeals against a decision not to offer a place are dealt with under the complaints policy
- e) The Academy has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities There are a number of student support assistants who can provide a variety of support for learning There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- f) Specialist programmes are described in the Academy prospectus, and achievements and destinations are recorded and published in the standard Academy format
- g) Counselling and welfare services are described in the Academy Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction

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## **Performance against Objectives**

The Academy is now in its second year of operation and continues to achieve the forecast numbers of students. Total students in the year ended 31<sup>st</sup> August 2011 numbered 1,158

Examination results for 2011 were very pleasing. At A and AS level, candidates achieved an APS per student of 193 (2010 APS =186). There was a 95.4% pass rate (2010 = 94.6%) and 66.7% of grades were A-C (2010 = 56.3%). At GCSE 71.6% of students achieved 5 or more passes at A\*-C (2010 = 67%) and 61.1% achieved 5A\* - C including English and Mathematics (2010 = 51.4%).

To ensure that standards are continually raised the Academy operates a programme of observation of lessons, is visited by external partners and inspectors, undertakes a comparison of results year on year at GCSE and A level to assess the added value. The Academy also measures each student's progress from year 7 to 11 and compares with expected progress measures nationally. Other key success criteria are the number of students 'Not in Education, Employment or Training' (NEETS) at 3.1 (2010 = 4.0) and the attendance figures at 92.1% (2010 = 91.7%).

### **Financial objectives**

The Academy's financial objectives are

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the Academy's core competencies, and the need for a financial contribution to the Academy's overall finances
- to generate sufficient levels of income to support the asset base of the Academy
- to further improve the Academy's shorter term liquidity
- to fund continued capital investment

These objectives were achieved in the year ending 31 August 2011

## **Finance Review**

### **Financial report for the year**

Most of the Academy's income is obtained from the YPLA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the YPLA during the year ended 31 August 2011 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 YPLA. 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 life of the assets concerned.

During the year ended 31 August 2011, total expenditure of £7,155,000 was more than covered by recurrent grant funding from the YPLA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £1,092,000.

At 31 August 2011 the net book value of fixed assets was £649,000 and movements in tangible fixed assets are shown in note 14 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 and financial position**

### ***Reserves policy***

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £219,000 which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

### ***Financial position***

The Academy held fund balances at 31 August 2011 of £2,232,000 comprising £1,658,000 of restricted funds, £219,000 of unrestricted general funds, a pension reserve surplus of £105,000, and endowment funds of £250,000.

## **Principal Risks and Uncertainties**

The Academy has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

Based on its mission, the Risk Management Group undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy level which is reviewed at least annually by the Staffing, Resource, Finance and Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

### **1 Government funding**

The Academy has considerable reliance on continued government funding through the YPLA. In 2010/11, 99% of the Academy's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the YPLA



## **2 Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme surplus on the Academy's balance sheet in line with the requirements of FRS 17

## **Plans for Future Periods**

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave. The Academy will also increase its recruitment up to the new agreed levels, accepting transfers from other schools and Academies into years 7 to 11 where possible.

The Academy has secured an investment opportunity for the endowment fund with the NatWest Bank commencing 9<sup>th</sup> September 2011. The £250,000 first instalment will be secured in a 3 year stepped fixed rate deposit, providing returns of

- Year 1 - 2.60% gross per annum, AER 2.60%
- Year 2 -- 3.60% gross per annum, AER 3.60%
- Year 3 – 5.60% gross per annum, AER 5.60%

## **Public Benefit, Sustainability, Social and Community Issues**

### **Public Benefit**

The Governors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy

### **Sustainability**

The Academy is committed to sustainable development throughout all aspects of its operations. A sustainable development strategy has been written to complement the policy which was approved by the Governors in 2008. The Academy will continue to strive to meet or exceed the *Sustainable Development in Government* targets.

In the past twelve months the Academy has maintained its Display Energy Certificate (DEC) rating at E. By implementing energy saving initiatives in the future Capital Building programme, it is hoped to improve the rating to D during 2013.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires academies, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 September 2010 to 31 August 2011, the Academy paid 99 per cent of its invoices within 30 days. The Academy incurred no interest charges in respect of late payment for this period.

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## Reference and Administrative Details

### Governors (Trustees)

J A Kenny CBE DL\* (Chair)

A Pickles (Vice Chair)

\* = members of the Staffing Finance

J Maric

Resource and Audit committee

Y Waterhouse (Responsible Officer)

M Beck

D Sutton\* (Principal)

S Clarkson

R Fleming (Resigned)

C Simmonds\*

K Thompson

A Rushworth

J Fletcher\*

R McNabb

G Barber

R Belcher\* (Appointed 7<sup>th</sup> October 2010)

M Stanton (Appointed 23<sup>rd</sup> June 2011)

### Clerk

N Bailey

### Registered Office

Braithwell Road

Maltby

Rotherham

S66 8AB

### Company Registration Number

7033915(England and Wales)

**Auditors**

**RSM Tenon Audit Limited**

**6th Floor**

**2 Wellington Place**

**Leeds**

**LS1 4AP**

**Bankers**

**NatWest**

**PO Box 120**

**420 High Street**

**Sheffield**

**S1 2GE**

**Solicitors**

**Stone King**

**16 St John's Lane**

**London**

**EC1M 4BS**

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## **Performance Indicators**

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence

In its recent monitoring inspection in July 2011, Ofsted concluded that the Academy has made 'good progress' towards raising standards

### **Priorities for Further Improvement**

- 1 Raise attainment to the national average, by increasing the proportion of students who make the expected progress or better, particularly in Mathematics, English and Science
- 2 Improve attendance to at least the national average and reduce the use of exclusion
- 3 Ensure that the great majority of teaching and learning is good or better, by increasing teachers' understanding of how they can, within their different subjects
  - Improve students' speaking and listening, reading and writing
  - Provide good opportunities for independent learning
  - Check understanding before moving standards on The Academy is also monitored through the completion and submission of the YPLA
    - The annual Abbreviated Accounts
    - The annual Financial Management and Governance Evaluation, rated at Good

## **Basis of Preparation of Financial Statements and Accounting Policies and Practices**

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 27 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005

So far as the Accounting Officer and Governing Body are aware, the Academy has disclosed all relevant information to the financial statement auditors. The Accounting Officer believes he has taken all the steps that he ought to make himself aware of any information relevant to the audit and to establish that the financial statement auditors are aware of that information.

The financial statement auditors, RSM Tenon Audit Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

The report of the governors was approved by the governors on 8<sup>th</sup> December 2011 and signed on their behalf by



**Julie A Kenny CBE DL,**

**Chair**

## **Statement of Governors' and Accounting Officer's Responsibilities**

The Governors are responsible for preparing the Governors report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the governors are required to

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

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

The governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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



## **Risk Management**

The governors have assessed the major risks to which the company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. They are satisfied that these systems are consistent with guidelines issued by the Charities Commission. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

## **Statement on the System of Internal Financial Control**

### *Scope of responsibility*

As governors, we acknowledge we have overall responsibility for the Academy's system of internal financial control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Academy's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Maltby Academy and YPLA. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Maltby Academy for the year ended 31 August 2011 and up to the date of approval of the annual report and accounts.

### *The risk and control framework*

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Staffing, Resource, Finance and Audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is 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 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 undertaken

The Governing Body has considered the need for a specific internal audit function and has decided to appoint RSM Tenon Risk Management Limited as internal auditor. Governors have appointed Y Waterhouse, a governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the governing body, using the internal audits prepared by RSM Tenon Risk Management Limited to report on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

### *Review of effectiveness*

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by

- the work of the internal auditor, RSM Tenon Risk Management Limited
- the work of the responsible officer
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework
- comments made by RSM Tenon Audit Limited in their management letters

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Staffing, Finance, Resource and Audit Committee, which oversees the work of the responsible officer, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Staffing, Resource, Finance and Audit Committee also receive regular reports from the responsible officer, which include recommendations for improvement. The Staffing, Resource, Finance and Audit Committee's role in this area is confined to a high-level review of the arrangements for internal

control The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Staffing, Resource, Finance and Audit Committee The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception At its 2011 meeting, the Governing Body carried out the annual assessment for the year ended 31 August 2011 by considering documentation from the senior management team and responsible officer, and taking account of events since 31 August 2011

### **Going concern**

After making appropriate enquiries, the Governing Body considers that the Academy has adequate resources to continue in operational existence for the foreseeable future For this reason, it continues to adopt the going concern basis in preparing the financial statements

Approved by order of the members of the Governing Body on 8 December 2011 and signed on its behalf by



**J.A. Kenny CBE DL, Chair of Governors**

Chair of Governors



**D. Sutton**

Principal

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALTBY ACADEMY**

**(Limited by Guarantee) for the PERIOD ENDED 31 AUGUST 2011**

**Company Registration Number. 7033915**

We have audited the financial statements of Maltby Academy for the period ended 31 August 2011, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of Governors and auditors**

The Governors act as trustees for the charitable activities of Maltby Academy and are also the directors of the company for the purposes of company law.

As explained more fully in the Statement of Governors' Responsibilities set out in the Governors' Report, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 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 requirements of the Companies Act 2006,
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Young People's Learning Agency in respect of the relevant financial year, and
- grants made by the Young People's Learning Agency have been applied for the purposed intended

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

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

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

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



**Alan Dunwell, Senior Statutory Auditor**

**RSM Tenon Audit Limited**

Registered Auditors

2 Wellington Place

Leeds

LS1 4AP

Date 21.12.2011

# Maltby Academy

## Statement of Financial Activities for the Year to 31 August 2011

(including Income and Expenditure Account)

		Unrestricted Funds (restated) £000	Restricted General Funds (restated) £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total 2011 £000	29 September 2009 to 31 August 2010 £000
	Note						
<b>Incoming resources</b>							
<i>Incoming resources from generated funds</i>							
Voluntary income	3	58	-	-	-	58	69
Activities for generating funds	4	67	-	-	250	317	21
Investment income	5	4	-	-	-	4	1
<i>Incoming resources from charitable activities</i>							
Funding for the Academy's educational operations	6	-	7,725	118	-	7,843	5,450
Other incoming resources	7	55	-	-	-	55	38
<b>Total incoming resources</b>		<b>184</b>	<b>7,725</b>	<b>118</b>	<b>250</b>	<b>8,277</b>	<b>5,579</b>
<b>Resources expended</b>							
<i>Charitable activities:</i>							
Academy's educational operations	9	-	7,052	88	-	7,140	5,237
<i>Governance costs</i>	10	-	15	-	-	15	17
<b>Total resources expended</b>	8	<b>-</b>	<b>7,067</b>	<b>88</b>	<b>-</b>	<b>7,155</b>	<b>5,254</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>184</b>	<b>658</b>	<b>30</b>	<b>250</b>	<b>1,122</b>	<b>325</b>
<b>Transfers</b>							
Gross transfers between funds	19	-	(325)	325	-	-	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		<b>184</b>	<b>333</b>	<b>355</b>	<b>250</b>	<b>1,122</b>	<b>325</b>
<b>Other recognised gains and losses</b>							
Actuarial (losses) gains on defined benefit pension schemes	19, 28	-	856	-	-	856	(71)
<b>Net movement in funds</b>		<b>184</b>	<b>1,189</b>	<b>355</b>	<b>250</b>	<b>1,978</b>	<b>254</b>
<b>Reconciliation of funds</b>							
Total funds brought forward at 1 September 2010	19	35	(241)	460	-	254	-
<b>Total funds carried forward at 31 August 2011</b>		<b>219</b>	<b>948</b>	<b>815</b>	<b>250</b>	<b>2,232</b>	<b>254</b>

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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

**Maltby Academy**
**Income and Expenditure Account for the Year to 31 August 2011**

			<b>29 September 2009 to 31 August 2010 £000</b>
	Notes	2011 £000	
<b>Income</b>			
DfE/YPLA General Annual Grant (GAG)	6	7,042	4,402
DfE/YPLA Start Up Grant	6	302	522
DfE/YPLA & Other capital grants	6	118	90
Other DfE / YPLA grants	6	80	66
Other Government grants	6	301	370
Voluntary income	3	58	69
Investment income	5	4	1
Endowment funds	4	250	-
Activities for generating funds	4	67	21
Other income	7	55	38
<b>Total income</b>		<b>8,277</b>	<b>5,579</b>
<b>Expenditure</b>			
Staff costs	8	5,326	3,932
Non pay expenditure			
Premises	8	669	463
Other	8	1,072	853
Depreciation	14	88	6
<b>Total expenditure</b>		<b>7,155</b>	<b>5,254</b>
<b>Net Income / (Expenditure) for the year</b>		<b>1,122</b>	<b>325</b>

The income and expenditure account is derived from the statement of financial activities on page 21 which, together with the notes to the financial statements on pages 25 to 42 provides full information on the movements during the year on all the funds of the Academy Trust

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

**Maltby Academy**  
**Balance sheet as at 31 August 2011**

**Company Number**  
**07033915**

	Notes	2011 £000	2011 £000	2010 (restated) £000	2010 (restated) £000
<b>Fixed assets</b>					
Tangible assets	14		649		370
Investments	15		250		-
<b>Total fixed assets</b>			<b>899</b>		<b>370</b>
<b>Current assets</b>					
Stock	16	30		16	
Debtors	17	289		269	
Cash at bank and in hand		1,306		1,219	
<b>Total current assets</b>		<b>1,625</b>		<b>1,504</b>	
<b>Liabilities:</b>					
<b>Creditors</b> Amounts falling due within one year	18	(397)		(972)	
<b>Net current assets</b>			<b>1,228</b>		<b>532</b>
<b>Total assets less current liabilities</b>			<b>2,127</b>		<b>902</b>
<b>Net assets excluding pension liability</b>			<b>2,127</b>		<b>902</b>
Pension scheme surplus / (liability)	28		105		(648)
<b>Net assets including pension surplus / (liability)</b>			<b>2,232</b>		<b>254</b>
<b>Funds of the academy:</b>					
Endowment funds	19		250		-
<b>Restricted funds</b>					
Fixed asset fund(s)	19		815		460
General fund(s)	19		843		407
Pension reserve	19		105		(648)
<b>Total restricted funds</b>			<b>1,763</b>		<b>219</b>
<b>Unrestricted funds</b>					
General fund(s)	19		219		35
<b>Total unrestricted funds</b>			<b>219</b>		<b>35</b>
<b>Total Funds</b>			<b>2,232</b>		<b>254</b>

The financial statements on pages 21 to 42 were approved by the Governors, and authorised for issue on 8 December 2011 and signed on their behalf by



**J.A. Kenny CBE DL, Chair of Governors**



**Maltby Academy**  
**Cash Flow Statement for the year ended 31 August 2011**

		<b>2011 £000</b>	<b>2010 £000</b>
<b>Net cash inflow from operating activities</b>	21	<b>582</b>	<b>1,504</b>
Returns on investments and servicing of finance	22	4	1
Capital expenditure	23	(249)	(286)
Management of liquid resources	24	(250)	-
<b>(Decrease) / increase in cash in the year</b>	25	<b><u>87</u></b>	<b><u>1,219</u></b>
<b>Reconciliation of net cash flow to movement in net funds*</b>			
Net funds at 1 September 2010		<b>1,219</b>	-
<b>Net funds at 31 August 2011</b>		<b><u>1,306</u></b>	<b><u>1,219</u></b>

## **Notes to the Financial Statements for the Period Ended 31 August 2011**

### **1. Principal Accounting Policies 31 August 2011**

#### **Format of financial statements**

The statutory format for the financial statements as required by the Companies Act 2006 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 are prepared under the historic cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (UK Generally Accepted Accounting Practice) and the Charities SORP 2005

The principal accounting policies of the charitable company are set out below

#### **Incoming resources**

##### **Grants receivable**

Grants are included in the statement of financial activities on a receivables basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the relevant funds on the balance sheet.

##### **Gifts in kind**

Gifts in kind provided to the academy is recognised in the statement of financial activities at their value, as determined by the governors, in the period in which they are receivable, and where the benefit is both quantifiable and material.

##### **Sponsorship**

Sponsorship provided to the group is recognised in the statement of financial activities in the period in which it is receivable.

##### **Donations**

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

##### **Interest receivable**

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

#### **Resources expended and the basis of apportioning costs**

##### **Resources expended**

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.

### **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**

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 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.

Assets costing less than £2,500 are written off in the year of acquisition. All other assets are capitalised.

### **Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used for assets are:

Leasehold improvements	2%
Fixtures and fittings	5%
IT equipment	33%

### **Stock**

Unused stationery and uniform stocks are valued at the lower of cost or net realisable value.

### **Fund accounting**

The unrestricted general fund represents monies which may be applied for any purpose within the academy's objects at the discretion of the governors.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

## **Taxation**

The Academy is a registered charity and accordingly is exempt from taxation on its 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

## **Pensions**

Academy staff are members of one of two defined benefit pension schemes. More details of the schemes are given in note 28

### **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 Young People's Learning Agency. As the group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the group 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 offered membership of the Local Government Pension Scheme (LGPS), which are managed by the South Yorkshire Pension Authority. 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.

# Maltby Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

### 2 General Annual Grant (GAG)

	29 September 2009 to 31 August 2010	
a. Results and Carry Forward for the Year	2011 £000	£000
GAG brought forward from previous year	-	-
GAG allocation for current year	7,042	4,402
<b>Total GAG available to spend</b>	<b>7,042</b>	<b>4,402</b>
Recurrent expenditure from GAG	(6,717)	(4,026)
Fixed assets purchased from GAG	(325)	(376)
<b>GAG carried forward to next year</b>	<b>-</b>	<b>-</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(845)	(528)
<b>GAG to surrender to DfE</b>	<b>(845)</b>	<b>(528)</b>
(12% rule breached if result is positive)	no breach	no breach

### 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	6,717	4,026
GAG allocation for current year	(7,042)	(4,402)
GAG allocation for previous year x 2%	(88)	-
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b>(413)</b>	<b>(376)</b>
(2% rule breached if result is positive)	no breach	no breach

### 3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	2011 Total £000	29 September 2009 to 31 August 2010 Total £000
Donations	-	-	-	69
Other Donations	58	-	58	-
	<b>58</b>	<b>-</b>	<b>58</b>	<b>69</b>

### 4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	2011 Total £000	29 September 2009 to 31 August 2010 Total £000
Training courses	12	-	12	-
Music lessons	2	-	2	-
Other	39	-	39	13
Uniform sales	14	-	14	8
	<b>67</b>	<b>-</b>	<b>67</b>	<b>21</b>
<b>Endowment:</b>				
Endowment from co-sponsors	-	250	250	-
	<b>-</b>	<b>250</b>	<b>250</b>	<b>-</b>
	<b>67</b>	<b>250</b>	<b>317</b>	<b>21</b>

**Maltby Academy**
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

<b>5 Investment Income</b>				<b>29 September 2009</b>
	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>	<b>to 31 August 2010 Total £000</b>
Bank interest	4	-	4	1
	<u>4</u>	<u>-</u>	<u>4</u>	<u>1</u>
<b>6 Funding for Academy's educational operations</b>				<b>29 September 2009</b>
	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>	<b>to 31 August 2010 Total £000</b>
<b>Capital grants</b>				
Devolved Formula Capital allocations	-	76	76	86
Hilltop Special School	-	42	42	-
Harnessing Technology	-	-	-	4
	<u>-</u>	<u>118</u>	<u>118</u>	<u>90</u>
<b>DfE / YPLA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	7,042	7,042	4,402
Start Up Grants	-	302	302	522
Other DfE / YPLA grants	-	80	80	66
	<u>-</u>	<u>7,424</u>	<u>7,424</u>	<u>4,990</u>
<b>Other grants</b>				
School Standards Funds	-	239	239	270
Gifted and talented	-	14	14	-
Earmarked Annual Grant	-	-	-	100
NEETS/ESF	-	19	19	-
Other	-	29	29	-
	<u>-</u>	<u>301</u>	<u>301</u>	<u>370</u>
	<u>-</u>	<u>7,843</u>	<u>7,843</u>	<u>5,450</u>
<b>7 Other Incoming resources</b>				<b>29 September 2009</b>
	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>	<b>to 31 August 2010 Total £000</b>
Academy trips	34	-	34	-
Sickness insurance	20	-	20	-
Sundry income	1	-	1	38
	<u>55</u>	<u>-</u>	<u>55</u>	<u>38</u>

# **Maltby Academy**

## **Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

<b>8 Resources Expended</b>				<b>29 September 2009 to 31 August 2010</b>	
	<b>Staff Costs £000</b>	<b>Non Pay expenditure Premises £000</b>	<b>Other Costs £000</b>	<b>2011 Total £000</b>	<b>Total £000</b>
Academy's educational operations					
Direct costs	4,526	44	951	<b>5,521</b>	3,598
Allocated support costs	800	713	106	<b>1,619</b>	1,639
	<b>5,326</b>	<b>757</b>	<b>1,057</b>	<b>7,140</b>	<b>5,237</b>
Governance costs including allocated support costs	-	-	15	<b>15</b>	17
	<b>5,326</b>	<b>757</b>	<b>1,072</b>	<b>7,155</b>	<b>5,254</b>
<b>Net Incoming/outgoing resources for the year include:</b>				<b>Total £000</b>	<b>Total £000</b>
Fees payable to auditor - audit				9	9
- other services				2	2

**Maltby Academy**
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

<b>9 Charitable Activities - Academy's educational operations</b>				<b>29 September 2009 to 31 August 2010 Total £000</b>
	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>	
<b>Direct costs</b>				
Teaching and educational support staff costs	-	4,526	4,526	2,894
Depreciation	-	44	44	3
Educational supplies	-	353	353	338
Examination fees	-	128	128	111
Other staff costs	-	221	221	79
Other supplies and services	-	125	125	75
Occupancy costs	-	124	124	98
	-	<b>5,521</b>	<b>5,521</b>	<b>3,598</b>
<b>Allocated support costs</b>				
Inherited pension liability	-	-	-	684
Support staff costs	-	697	697	475
Depreciation	-	44	44	3
Educational supplies	-	84	84	77
Maintenance of premises and equipment	-	123	123	92
Occupancy costs	-	256	256	233
Other supplies & services	-	289	289	135
Other staff costs	-	1	1	3
FRS17 pension cost	-	103	103	(107)
Other support costs	-	22	22	44
	-	<b>1,619</b>	<b>1,619</b>	<b>1,639</b>
	-	<b>7,140</b>	<b>7,140</b>	<b>5,237</b>
<b>10 Governance costs</b>				<b>29 September 2009 to 31 August 2010 Total £000</b>
	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>	
Auditors' remuneration				
Audit of financial statements	-	9	9	9
Other services	-	2	2	4
Support costs	-	4	4	4
	-	<b>15</b>	<b>15</b>	<b>17</b>



# Maltby Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

### 11 Staff costs

		29 September 2009 to 31 August 2010 Total £000
Staff costs during the period were	2011 Total £000	
Wages and salaries	4,344	2,803
Social security costs	327	208
Other pension costs	557	362
	<b>5,228</b>	<b>3,373</b>
Supply teacher costs	119	45
	<b>5,347</b>	<b>3,418</b>

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

	2011 No	2010 No.
<b>Charitable Activities</b>		
Teachers	90	86
Administration and support	50	54
Management	40	29
	<b>180</b>	<b>169</b>

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

	Total No.	Total No.
£60,001 - £70,000	3	0
£70,001 - £80,000	1	0
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2011, pension contributions for these staff amounted to £49,651 (2010 £8,648)

### 12 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors. The value of the Principal's remuneration was £97,589 in 2011 (2010 £69,902 (8 months)). The value of staff governor's remuneration was £64,086 (2010 - £38,621 (8 months)).

Related party transactions involving the trustees are set out in note 29

**Maltby Academy****Notes to the Financial Statements for the year ended 31 August 2011 (continued)****13 Governors' and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2011 was £3,392.

The cost of this insurance is included in the total insurance cost.

**14 Tangible Fixed Assets**

	Leasehold Land and Buildings	Furniture and Equipment	Computer Equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 September 2010	87	43	246	376
Additions	165	66	136	367
Disposals	-	-	-	-
At 31 August 2011	252	109	382	743
<b>Depreciation</b>				
At 1 September 2010	-	-	6	6
Charged in year	4	4	80	88
Disposals	-	-	-	-
At 31 August 2011	4	4	86	94
<b>Net book values</b>				
At 31 August 2011	248	105	296	649
At 31 August 2010	87	43	240	370

# Maltby Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

15 Investments	2011 £000	2010 £000
Cost	250	-
<b>At 31 August 2011</b>	<b>250</b>	<b>-</b>

The investment relates to the Endowment Fund, which is held on trust to be retained for the benefit of the Academy as a capital fund

16 Stock	2011 £000	2010 £000
Clothing	30	16
	<b>30</b>	<b>16</b>

17 Debtors	2011 £000	2010 £000
Trade debtors	2	22
Prepayments	90	247
Sundry debtors	197	-
	<b>289</b>	<b>269</b>

18 Creditors: amounts falling due within one year	2011 £000	2010 £000
Trade creditors	2	479
Taxation and social security	276	171
Other creditors	-	3
Accruals and deferred income	119	319
	<b>397</b>	<b>972</b>

### Deferred Income

	2011 £000
Deferred Income at 1 September 2010	112
Resources deferred in the year	20
Amounts released from previous years	(112)
Deferred Income at 31 August 2011	<b>20</b>

Deferred income relates to money received in advance of the forthcoming period. The money relates to funding for the Academy's educational operations.

# Maltby Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

19 Funds	Balance at 1 September 2010 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2011 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG) (i)	-	7,042	(6,717)	(325)	-
Start Up Grant (ii)	399	302	-	-	701
Other DfE/YPLA grants	-	80	(80)	-	-
DfE project management grants	-	-	-	-	-
Other government grants	8	272	(138)	-	142
Other restricted	-	29	(29)	-	-
	407	7,725	(6,964)	(325)	843
Pension reserve (iii)	(648)	-	(103)	856	105
	(241)	7,725	(7,067)	531	948
<b>Restricted fixed asset funds</b>					
DfE/YPLA capital grants	86	76	-	-	162
Harnessing technology	4	-	-	-	4
Hilltop Special School	-	42	(1)	-	41
Capital expenditure from GAG (iv)	370	-	(87)	325	608
Private sector capital sponsorship	-	-	-	-	-
	460	118	(88)	325	815
<b>Endowment funds</b>	-	250	-	-	250
<b>Total restricted funds</b>	<b>219</b>	<b>8,093</b>	<b>(7,155)</b>	<b>856</b>	<b>2,013</b>
<b>Unrestricted funds</b>					
Unrestricted funds	35	184	-	-	219
<b>Total unrestricted funds</b>	<b>35</b>	<b>184</b>	<b>-</b>	<b>-</b>	<b>219</b>
<b>Total funds</b>	<b>254</b>	<b>8,277</b>	<b>(7,155)</b>	<b>856</b>	<b>2,232</b>

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

Note (i) GAG must be used for the normal running costs of the Academy. The Academy is allowed to carry forward 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

Note (ii) Start up funding is earmarked for use on projects relating to the building of the new school and provision of offsite resources during the construction phase.

Note (iii) The Pension reserve has been transferred from unrestricted funds to restricted funds in accordance with the latest guidance issued by the YPLA.

Note (iv) GAG funding has been used in the procurement of fixed assets that are used in the on-going activities of the Academy.

## 20 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Unrestricted general fund £000	Restricted general fund £000	Restricted fixed asset £000	Endowment fund £000	Total 2011 £000
Tangible fixed assets	-	-	649	250	899
Current assets	219	1,240	166	-	1,625
Current liabilities	-	(397)	-	-	(397)
Pension scheme asset	-	105	-	-	105
<b>Total net assets</b>	<b>219</b>	<b>948</b>	<b>815</b>	<b>250</b>	<b>2,232</b>

**Maltby Academy**
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

	2011 £000	2010 £000
<b>21 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities</b>		
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	1,122	325
Depreciation (note 14)	88	6
Capital grants from DfE and other capital income	(118)	(90)
Interest receivable (note 5)	(4)	(1)
Inherited pension liability	-	684
FRS 17 pension cost less contributions payable (note 28)	94	(125)
FRS 17 pension finance income (note 28)	9	18
(Increase)/decrease in stocks	(14)	(16)
(Increase)/decrease in debtors	(20)	(269)
Increase/(decrease) in creditors	(575)	972
<b>Net cash inflow from operating activities</b>	<b>582</b>	<b>1,504</b>
<b>22 Returns on investments and servicing of finance</b>		
Interest received	4	1
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>4</b>	<b>1</b>
<b>23 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(367)	(376)
Capital grants from DfE/YPLA	76	86
Capital funding received from sponsors and others	42	4
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(249)</b>	<b>(286)</b>
<b>24 Management of liquid resources</b>		
Additions to endowment funds	(250)	-
<b>Net cash inflow from management of liquid resources</b>	<b>(250)</b>	<b>-</b>
<b>25 Analysis of changes in net funds</b>		
	At 1 September 2010 £000	Cash flows £000
Cash in hand and at bank	1,219	87
	<b>1,219</b>	<b>87</b>
		At 31 August 2011 £000
		1,306
		<b>1,306</b>

## **Maltby Academy**

### **Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

#### **26 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 Young People's Learning Agency 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 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

#### **27 Members' Liability**

Each member of the charitable 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

## **Maltby Academy**

### **Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

#### **28 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

#### **Teachers' Pension Scheme**

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per
Salary scale increases per annum	5.0 per cent per
Notional value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
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Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is 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 were a defined-contribution scheme The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates

# Maltby Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

### 28 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2011 was £232,000, of which employer's contributions totalled £150,000 and employees' contributions totalled £82,000. The agreed contribution rates for future years are 11.1 per cent for employers.

Principal Actuarial Assumptions	At 31 August 2011	At 31 August 2010
Rate of increase in salaries	4.45%	4.50%
Rate of increase for pensions in payment / inflation	2.70%	2.50%
Discount rate for scheme liabilities	5.30%	4.90%
Inflation assumption (CPI)	2.70%	2.50%

Sensitivity Analysis	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
Disclosure Item	£000s	£000s	£000s	£000s	£000s
Liabilities as at 31 August 2011	2,949	2,881	2,988	2,949	3,012
Assets as at 31 August 2011	(3,054)	(3,054)	(3,054)	(3,054)	(3,054)
Deficit / (Surplus) as at 31 August 2011	(105)	(173)	(66)	(105)	(42)
Projected Current Service Cost for year commencing 1 September 2011	207	200	212	207	212
The above figure is based on a percentage rate applied to payroll. The percentage rate is	15.6%	15.1%	16.0%	15.6%	16.0%
The projected pensionable payroll used in the above calculation is	1,325	1,325	1,325	1,325	1,325
Projected Expected Return on Assets for year commencing 1 September 2011	(185)	(185)	(185)	(187)	(185)
Projected Interest Cost for year commencing 1 September 2011	164	163	166	164	167

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

	At 31 August 2011	At 31 August 2010
<i>Retiring today</i>		
Males	21.4	20.4
Females	24.1	23.2
<i>Retiring in 20 years</i>		
Males	22.8	21.3
Females	25.7	24.1



# Maltby Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

### 28 Pension and similar obligations (continued)

#### Local Government Pension Scheme (Continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return

	Expected return at 31 August 2011	Fair value at 31 August 2011 £000	Expected return at 31 August 2010	Fair value at 31 August 2010 £000
	%		%	
Equities	7.00%	1,983	7.50%	1,543
Government Bonds	3.70%	476	5.30%	325
Other Bonds	4.80%	220	4.50%	217
Property	6.00%	299	6.50%	238
Cash/Liquidity	0.50%	76	0.50%	35
Other	N/A	-	N/A	-
<b>Total market value of assets</b>		<b>3,054</b>		<b>2,358</b>
Present value of scheme liabilities				
- Funded		(2,949)		(3,006)
<b>Surplus/(deficit) in the scheme</b>		<b>105</b>		<b>(648)</b>

The actual return on the scheme assets was £197,000 (2010: £91,000)

#### Total expenditure recognised in the Statement of Financial Activities

	2011 £000	2010 £000
Current service cost (net of employee contributions)	244	156
Past service cost	-	(189)
<b>Total operating charge</b>	<b>244</b>	<b>(33)</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	(146)	(92)
Interest on pension liabilities	155	110
<b>Pension finance income / (costs)</b>	<b>9</b>	<b>18</b>

**Maltby Academy****Notes to the Financial Statements for the year ended 31 August 2011 (continued)****28 Pension and similar obligations (continued)****Local Government Pension Scheme (Continued)**

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £785,000 gain (2010 £71,000 loss)

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

	2011 £000	2010 £000
<b>At 1 September</b>	3,006	2,808
Current service cost	244	156
Interest cost	155	110
Employee contributions	82	51
Actuarial (gain)/loss	(538)	70
Past Service cost	-	(189)
<b>At 31 August</b>	<b>2,949</b>	<b>3,006</b>

**Movements in the fair value of academy's share of scheme assets.**

	2011 £000	2010 £000
<b>At 1 September</b>	2,358	2,124
Expected return on assets	146	92
Actuarial gains / (losses)	318	(1)
Employer contributions	150	92
Employee contributions	82	51
<b>At 31 August</b>	<b>3,054</b>	<b>2,358</b>

The estimated value of employer contributions for the year ended 31 August 2012 is £122,000

## **Maltby Academy**

### **Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

#### **28 Pension and similar obligations (continued)**

##### **Local Government Pension Scheme (Continued)**

The five-year history of experience adjustments is as follows:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Defined benefit obligation at end of year	(2,949)	(3,006)
Fair value of plan assets at end of year	<u>3,054</u>	<u>2,358</u>
Deficit	<u>105</u>	<u>(648)</u>
<b>Experience adjustments on share of scheme assets</b>		
Amount £'000	318	(1)
<b>Experience adjustments on scheme liabilities:</b>		
Amount £'000	29	-

#### **29 Related Party Transactions**

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

#### **30 Prior Period Adjustment**

The prior year adjustment relates to FRS17 defined benefit pension scheme costs and gains that were originally treated as part of unrestricted funds, but which have now been transferred to restricted funds in accordance with YPLA guidance.

The net effect of the adjustment is to increase unrestricted funds brought forward by £648,000, and brought forward restricted funds have been reduced by £648,000.

#### **31 Prior Period**

The prior period was an 11 month period. The Academy was incorporated on 29 September 2009 and opened as an Academy on 4 January 2010.