

**THE OCKENDON ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM
25 NOVEMBER 2010 TO 31 AUGUST 2011**

**Company Registration Number:
7451781 (England and Wales)**

WEDNESDAY



A0058VDV

A27

14/12/2011

#141

COMPANIES HOUSE

	Page
Reference and Administrative Details	1
Governors' Report	2 - 7
Statement on Internal Control	8 & 9
Statement of Governors' Responsibilities	10
Report of the Independent Auditor	11
Statement of Financial Activities incorporating an Income and Expenditure Account	12
Balance Sheet	13
Cash Flow Statement	14
Statement of Accounting Policies and Notes to the Financial Statements	15 - 33

Governing Body

Mrs Barbara King (Principal ex-officio)
Rev Brian Duckworth (Chair) (appointed 25 November 2010)
Mr Barrie Lawrence (Vice-Chair) (appointed 25 November 2010)
Mrs Karen Brown (appointed 19 January 2011)
Mrs Linda Buckingham (appointed 19 January 2011, resigned 31 August 2011)
Miss Bev Whitehead (appointed 19 January 2011, resigned 31 August 2011)
Mrs Kelly Brown (appointed 19 January 2011)
Mr Phillip Bruce (appointed 19 January 2011, resigned 12 June 2011)
Mrs Lorraine Hodges (appointed 19 January 2011)
Mrs Samantha Kahn (appointed 19 January 2011)
Mr Adam Spurgeon (appointed 19 January 2011)
Mrs Joanne Wright (appointed 19 January 2011)
Cllr Charles Curtis (appointed 19 January 2011)
Mrs Angela Barrell (appointed 19 January 2011)
Mrs Kathleen Cooney (appointed 19 January 2011)

Bankers

CCLA Investment Managers Limited
80 Cheapside
London EC2V 6DZ

HSBC
53 High Street
Grays
Essex RM17 6NH

Solicitors

Stone King
16 St John's Lane
London
EC1M 4BS

Auditors

Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period to 31 August 2011

Structure, Governance and Management

Constitution

The Ockendon Academy ("the Academy") is a private company limited by guarantee and an exempt charity. The Charitable Company's Memorandum of Association is the primary governing document of the Academy. The Academy was incorporated as a company and exempt charity on 25 November 2010. The Academy replaced the previous Ockendon School on 1 January 2011.

The Governors act as the trustees for the charitable activities of Ockendon Academy and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Ockendon Academy.

Details of the Governors who served throughout the period are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

The Academy has purchased indemnity insurance for members of the Governing Body.

Principal Activities

Method of Recruitment and Appointment or Election of Governors

Governors are subject to retirement by rotation on a four-yearly cycle, but are eligible for reappointment at the end of this period. On 1 January 2011 all former Governors of the Ockendon School became members of the Governing Body of the Academy. Formal appointment as Directors of the Academy took place on 19 January 2011. See 'Organisational Structure' for more details on the appointment process.

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy partakes in Thurrock Council's Governor training and induction scheme. In addition, senior staff at the Academy offer training on an ad hoc basis to members of the Governing Body.

Organisational Structure

Members

The Academy has three founding members who signed the Memorandum of Association dated 25 November 2010. Other people entitled to become members include the chairman of the Governors, any Governor who wishes to become a member, one person appointed by the Secretary of State (if he or she decides to appoint a person in this capacity), and any other person who wishes to become a member subject to unanimous written approval of the existing members. At any time there must be at least three members. All members of the Governing Body elected to become members of the Academy, as such, there are no separate meetings of members.

Governing Body

The members delegate the management of all business to the Governors. There must be no less than three Governors (no maximum number is specified). The members have the right to attend and vote at the AGM and to appoint up to twelve Governors and are also permitted to appoint a number of Staff Governors (up to one third of the total membership of the Governing Body at the date of appointment). Other members of the governing body can include the Principal, not less than two Parent Governors and a representative of the Secretary of State (if desired by the incumbent). There may also be up to three Co-opted Governors. The Governing Body meets at least three times a year.

The Governing Body is responsible for ensuring that an effective system of internal control, financial or otherwise, is maintained and operated by the Academy.

The Governors have established committees with specific responsibilities for certain areas of the Academy's management. The committees are formed of representatives from the Governing Body and other people with relevant experience as agreed by the Governing Body and have specific responsibility for Achievement and Standards, Admissions, Student Matters, Personnel and Finance and Premises.

Senior Management Team (SMT)

The Governors delegate the responsibility for day-to-day management to the SMT. This comprises the Principal, three Vice Principals and six Assistant Principals. The SMT undertakes to implement the strategy of the Governing Body.

The Principal is the Accounting Officer and responsible for Finance (the Finance Officer reports directly to the Principal). Day to day financial management of the school is delegated to the Principal subject to exceptions contained within the Financial Regulation and Scheme of Delegation.

One Vice Principal is responsible for Human Resources, a second Vice Principal is responsible for the curriculum and the third Vice Principal is responsible for behavior and safety. All Vice Principals report to the Principal on their relevant area.

Budgets are approved by the Governing Body. Subsequent amendments are approved by the Finance & Premises Committee.

Risk Management

The Governors have reviewed the major risks to which the Academy is exposed and the systems in place to mitigate such risks. The risk register is reviewed regularly and formally approved at least annually by the Governors.

The Academy has an effective system of internal financial controls as detailed on page 7.

Connected Organisations, including Related Party Relationships

There were no transactions with connected parties in the period.

Objectives and Activities

Objects and Aims

The primary objective as stated in the Memorandum of Association of the Charitable Company is 'to advance for the public benefit, education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum'

The Academy aims to provide an education that inspires students to strive for higher achievement, a commitment to excellence, and an environment that seeks to develop a child's desire for lifelong learning, provide opportunities for students to develop open and questioning minds

Objectives, Strategies and Activities

The principal object of The Academy is to provide education for students of different abilities between the ages of 11 and 16. The Academy has the following specialisms: Maths and Computing, Training School

The main objectives of the Academy are summarised below

- to improve students' outcomes and as a result their life chances
- to raise the standard of educational achievement of all students and to ensure progress for all students from Key Stage 2 to Key Stage 4
- to continue to improve the quality of teaching and assessment
- to ensure improvements in standards of behaviour, attendance, punctuality and attitudes to learning
- to develop The Academy as a Training School
- to provide value for money for all expenditure
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- to comply with all appropriate statutory and curriculum requirements

The Academy's main strategy is encompassed in its motto "to be the best that we can be in all that we do", its vision "to be a successful and enjoyable business and learning community that inspires all to achieve the best that they can be today, tomorrow and in the future" and in its mission "to inspire each other to actively learn and work together so that we develop the skills, abilities and attitudes we need to be successful, valuable and economically confident members of our community". To this end the activities provided by The Academy include

- tuition and learning opportunities for all students to attain appropriate academic qualifications
- a structured programme of intervention including 1-to-1 tuition, a specific literacy programme and use of electronic resources
- training opportunities for all staff, particularly teaching staff
- a programme of sporting and after school leisure activities and clubs for all students
- information, advice and guidance to help students obtain employment/move onto higher education

Public Benefit

With regards to the Objects and Aims and the Objectives, Strategies and Activities above, the main focus of the Academy is the provision of free education to children aged 11 to 18

The Governors confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Academy

Achievements and Performance

The Academy is in its first year of operation as a company. Total students for the period ended 31/8/11 amounted to 922, with the published admission number being 900 students. We continue to have significant numbers of applications for The Academy resulting in our admission number for September 2011 for year 7 being 188 students, i.e. 8 students above our published admission number.

Examination results were very pleasing, with 100% of students gaining 5 A*-C passes and 51% obtaining 5 A*-C passes including English and Maths (46% 5 A*-C in 2010). In addition the Academy's early entry examinations, for year 10 students, have already resulted in 43% A*-C passes in English and 84% A*-C passes in Religious Studies.

To ensure that standards are continually raised, The Academy has established a programme of rigorous tracking of student progress and achievement, with underachievement identified early and appropriate interventions put in place. The Academy operates a programme of lesson observations and self-evaluation judgement of lessons by teaching staff.

Going Concern

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

Key Financial Performance Indicators

The aims of the Academy, against which performance will be assessed are set out in 'plans for future periods'.

Financial Review

The results for the period are set out on page 11 of the Financial Statements. The surplus for the period amounted to £15,512,187. Net current assets as at 31 August 2011 were £1,569,874. The pension liability in relation to the Essex Pension Scheme was £999,000 at the period end (see note 26).

The Academy became operational on 1 January 2011 and a transfer of funds from the predecessor school of £964,296 has been included within unrestricted income for the period.

The Academy receives most of its income from the Young People's Learning Agency (YPLA) in the form of General Annual Grant (GAG) and other grants. The funding received in the period and the associated expenditure are shown as restricted fund transactions in the Statement of Financial Activities (SOFA).

Grants are also received from the YPLA for fixed assets. These are shown as restricted income within the fixed assets restricted funds. The balance sheet restricted fixed assets funds are reduced by expenditure equivalent to any depreciation charges over the expected useful economic lives of the assets.

Financial and Risk Management Objectives and Policies

As referred to under the general Risk Management section above, financial risk is reviewed regularly and the Risk Register is formally approved at least annually.

The Academy aims to limit its exposure to financial risks and does not undertake high risk investment strategies.

Trade creditors are paid as the liability falls due and are recorded at invoice value.

Cash balances are only held in UK banks. Long term deposits are held with the COIF fund. No foreign currency balances are held.

Financial and Risk Management Objectives and Policies (continued)

The Academy is required to recognise its share of the liability relating to the Essex Pension Fund. Full details of the scheme are included in note 26. The current employers and employee contribution rate has been set with a view to clearing the liabilities of the fund within 20 years.

Principal Risks and Uncertainties

The Governors have assessed the major risks to which the Academy 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 statement on internal controls) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The system of internal controls is detailed in the Financial Regulation and Scheme of Delegation. This is reviewed at least annually. Regular reviews of risk take place at half termly at meetings of the Finance & Premises Committee.

Reserves Policy

The Governing Body has reviewed the free reserves of the Academy. This review encompassed the nature of income and expenditure streams and the need to match income with commitments and the nature of reserves. Accordingly, the Governing Body has determined that the appropriate level of free reserves should be equivalent to 13 weeks of expenditure (approximately £1.29 million). The Academy had £1,072,610 of free reserves at 31 August 2011.

Investment Policy

The policy of the Academy is to hold surplus cash in low risk high interest deposit accounts (managed by a bank which is a specialist in charity clients).

Plans for Future Periods

The Academy has planning permission to build a new eight classroom block which will provide additional teaching accommodation for its current students. This is expected to be built in 2012.

The Academy has planning permission for a new sports centre roof and for the installation of solar energy panels on its roofs. The latter is expected to complete in early December 2011 and the former in 2012.

The Academy has applied to become a Teaching School and is also applying to set up a Studio School.

The Academy has set itself a target that by 2014 all of its students should make at least three sub levels of progress in English and Mathematics within year 7 and two sub levels progress each year until the end of year 10, resulting in 100% of students making three whole levels of progress from Key Stage 2 to Key Stage 4. The Academy has also set a target by 2014 for 100% of students to gain 5 GCSE A*-C (including Maths and English).

Funds held as Custodian Trustee on behalf of Others

No funds are held as Custodian Trustee on behalf of others by the Academy.

Audit Information

The Governors who held office at the date of approval of the Governors' Report confirm that, so far as they are individually aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- each Governor has taken all reasonable steps that he/she ought to have taken as a Governor to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Littlejohn LLP was appointed as auditor to the Academy during the period and has signified its willingness to continue in office

Approved by Order of the members of the Governing Body on *22 November* 2011
and signed on its behalf by



Rev Brian Duckworth
Chair

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Ockendon Academy has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Ockendon Academy and the Secretary of State for Education. They are 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 Ockendon Academy for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements. The system of internal control was inherited from the predecessor Ockendon School, which ceased to exist on 1 January 2011.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Risk and Control Framework (continued)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed David Bodell of Bodell & Co, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The Governing Body believes that the RO function has been delivered in line with the YPLA's requirements. There were no material control issues arising as a result of the RO's work.

Review of Effectiveness

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

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by Order of the members of the Governing Body on *22 November* 2011 and signed on its behalf by



Rev Brian Duckworth
Chair



Mrs Barbara King
Accounting Officer

The Governors (who act as trustees for charitable activities of Ockendon Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Young People's Learning Agency (YPLA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities' SORP,
- make judgments 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 business

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and 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 are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the YPLA/DfE have been applied for the purposes intended.

Approved by order of the members of the Governing Body on 22 November 2011 and signed on its behalf by



Rev Brian Duckworth
Chair

Independent Auditor's Report to the Members of Ockendon Academy

We have audited the financial statements of Ockendon Academy for the period from 25 November 2010 to 31 August 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 29. 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)

Respective Responsibilities of Governors and Auditor

As explained more fully in the Governors' Responsibilities Statement set out on page 9, the trustees (who are also the Directors of the Charitable Company for the purposes of company law) 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 for 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 Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or 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 period then ended,
- have been properly prepared in accordance with the Annual Accounts Direction 2010/11 issued by the Young Peoples Learning Agency and United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters on which we are Required to Report by Exception

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

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


Sarah Morrison (Senior Statutory Auditor)
For and on behalf of Littlejohn LLP, Statutory Auditor

8 December 2011

1 Westferry Circus
Canary Wharf
London E14 4HD

THE OCKENDON ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
Period ended 31 August 2011

	Note	Unrestricted Funds £	Restricted other funds £	Restricted fixed asset funds £	Total 2011 £
Incoming Resources					
Incoming resources from generated funds					
Voluntary income	3	2,646	4,033	14,931,729	14,938,408
Activities for generating funds	4	120,495	-	-	120,495
Investment income	5	2,619	-	-	2,619
Incoming resources from charitable activities					
Funding for the Academy's educational operations	6	36,541	3,727,240	19,542	3,783,323
Funds transferred on conversion	7	964,296	-	-	964,296
Total Incoming Resources		1,126,597	3,731,273	14,951,271	19,809,141
Resources Expended					
Cost of generating funds					
Costs of generating voluntary income		50,774	-	-	50,774
Charitable activities					
Academy's educational operations	9	3,213	2,987,634	218,632	3,209,479
Governance costs	10	-	65,701	-	65,701
Total Resources Expended	8	53,987	3,053,335	218,632	3,325,954
Net Incoming Resources before Transfers		1,072,610	677,938	14,732,639	16,483,187
Gross transfers between funds	17	-	-	-	-
Net Income for the Period		1,072,610	677,938	14,732,639	16,483,187
Other Recognised Gains and Losses					
Actuarial losses on defined benefit pension scheme	17,27	-	(971,000)	-	(971,000)
Net Movement in Funds and Funds carried forward at 31 August 2011	17	1,072,610	(293,062)	14,732,639	15,512,187

All of the Academy's activities derive from continuing operations

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

The accounting policies and notes on pages 15 to 33 form part of these Financial Statements

THE OCKENDON ACADEMY
Company Number 7451781

BALANCE SHEET
At 31 August 2011

	Note	2011 £	£
Fixed Assets			
Tangible assets	14	14,941,313	
Current Assets			
Debtors	15	101,522	
Cash at bank and in hand		1,774,935	
		<u>1,876,457</u>	
Creditors: amounts falling due within one year	16	(306,583)	
		<u>1,569,874</u>	
Net Current Assets			<u>16,511,187</u>
Total assets less current liabilities			<u>16,511,187</u>
Net Assets excluding Pension Liability			
Pension scheme liability	27	(999,000)	
		<u>15,512,187</u>	
Net Assets including Pension Liability			<u>15,512,187</u>
Funds of the Academy:			
Restricted Funds			
Fixed asset fund	17	14,732,639	
Other funds	17	705,938	
Pension reserve	17	(999,000)	
		<u>14,439,577</u>	
Total Restricted Funds			<u>14,439,577</u>
Unrestricted Funds			
General funds	17	1,072,610	
		<u>1,072,610</u>	
Total Unrestricted Funds			<u>1,072,610</u>
Total Funds			<u>15,512,187</u>

The financial statements were approved by the Governors, and authorised for issue on 22 November 2011 and are signed on their behalf by



Rev Brian Duckworth
Chair

The accounting policies and notes on pages 15 to 33 form part of these Financial Statements

THE OCKENDON ACADEMY**CASH FLOW STATEMENT**
Period ended 31 August 2011

	Note	2011 £
Net Cash Inflow from Operating Activities	21	1,965,624
Returns on investments and servicing of finance	22	2,023
Capital expenditure	23	(192,712)
Increase in Cash in the Period	24	<u>1,774,935</u>
Cash Balances at 31 August 2011		<u>1,774,935</u>

The accounting policies and notes on pages 14 to 32 form part of these Financial Statements

1 Statement of Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

- **Grants Receivable**

Grants are included in the Statement of Financial Activities (SOFA) on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement to receipt its recognition is deferred and it is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Donations**

Donations are recognised on a receipts basis.

- **Other Income**

Other income, including for the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life of the asset in accordance with the Academy's policies.

1 Statement of Accounting Policies (continued)**Incoming Resources (continued)**

- **Transfer of property on conversion**

Upon conversion, the Academy was granted the freehold by the transfer from the Ockendon School (which was a Foundation School and which was granted the freehold by Thurrock Council, the Local Authority) No consideration was paid for the freehold The buildings have been included in the Financial Statements on the basis of depreciated replacement cost, as required by FRS 15 – Tangible Fixed Assets and the Academies Accounts Directive for specialised property

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use Other support cost allocations are based on the spread of staff costs

- **Costs of Generating Funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds

- **Charitable Activities**

These are costs incurred on the Academy's educational operations

- **Governance Costs**

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

The Academy is able to reclaim some, but not all, input VAT (see Taxation Accounting Policy) Irrecoverable VAT is included with the expenditure to which it relates

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost (less residual value), net of depreciation and any provision for impairment

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 recognised as income and credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet Depreciation on such assets is charged to the restricted fixed asset fund in the SOFA so as to reduce the fund over the useful economic life of the related assets on a basis consistent with the Academy's depreciation policy

The land and buildings transferred to the Academy upon conversion (1 January 2011) are carried at depreciated replacement cost

1 Statement of Accounting Policies (continued)**Tangible Fixed Assets (continued)**

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset less residual value on a straight-line basis over its expected useful life, as follows

Freehold buildings	-	2%
Fixtures, fittings and equipment	-	15%
ICT equipment	-	20%
Freehold improvements	-	10%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Land is not depreciated.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable or where the remaining useful life is in excess of 50 years. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Operating Leases

Rentals payable under operating leases are charged on a monthly basis over the lease term.

Taxation

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

The Academy is intending to register for VAT and is able to recover input tax paid in respect of some, but not all, of its taxable supplies. Where VAT cannot be recovered, it is included with the cost to which it relates on the SOFA.

Pensions Benefits

Retirement benefits to employees of the Academy are provided by both the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

TPS

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

1 Statement of Accounting Policies (continued)**Pensions Benefits (continued)****LGPS**

The LGPS is a funded scheme and the assets are held separately from those of the Academy in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to the SOFA are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the SOFA within Other Restricted Funds.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Governors.

Restricted other funds comprise all other restricted funds received and include grants from the YPLA and the Department for Education (DfE).

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the YPLA, the DfE or other funders where the asset acquired or created is held for a specific purpose.

2 General Annual Grant (GAG)

	2011 £
a Results and Carry Forward for the Year	
GAG allocation for current period	3,535,294
Devolved capital income (from GAG)	19,542
	<hr/>
Total GAG available to spend	3,554,836
Recurrent expenditure from GAG	(2,833,389)
Fixed assets purchased from GAG	(19,542)
	<hr/>
GAG carried forward to next year	701,905
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	426,580
	<hr/>
Potential surrender of GAG to DfE	275,325
	<hr/>
(12% rule breached if result is positive)	Breach

	Unrestricted funds £	Restricted funds £	Total 2011 £
3 Voluntary Income			
Other donations	2,646	4,033	6,679
Gifts in Kind Freehold transfer on conversion	-	14,931,729	14,931,729
	<hr/>	<hr/>	<hr/>
	2,646	14,935,762	14,938,408
	<hr/>	<hr/>	<hr/>

4 Activities for Generating Funds

Hire of facilities	58,204	-	58,204
Catering income	51,038	-	51,038
Classroom and uniform sales	11,253	-	11,253
	<hr/>	<hr/>	<hr/>
	120,495	-	120,495
	<hr/>	<hr/>	<hr/>

5 Investment Income

Short term deposits	2,619	-	2,619
	<hr/>	<hr/>	<hr/>

	Unrestricted funds £	Restricted funds £	Total 2011 £
6 Funding for Academy's Educational Operations			
DfE/YPLA Capital Grant			
Devolved Capital Income (GAG) (note 2)	-	19,542	19,542
	-	19,542	19,542
DfE/YPLA Revenue Grants			
General annual grant (GAG) (note 2)	-	3,522,794	3,522,794
Specialist schools funding	-	12,500	12,500
	-	3,535,294	3,535,294
Other Government Grants			
ES pupil focused standards funds	-	16,587	16,587
School standards funds	-	15,000	15,000
Graduate training fund	-	55,303	55,303
SEN standards grant	-	105,056	105,056
	-	191,946	191,946
Other non government income			
Music lessons	1,138	-	1,138
Educational trips	25,988	-	25,988
Special educational projects	3,000	-	3,000
Teachers' insurance	6,415	-	6,414
	36,541	-	36,541
	36,541	3,746,782	3,783,323

7 Transfer of reserves on conversion

Ockenden Academy became operational on 1 January 2011. At this date, an amount of £837,629 was transferred to the Academy by the Thurrock Local Authority. These funds are related to public funds previously held by the School which are not restricted as to their use.

Also on 1 January 2011, the private funds from the former School were transferred to the Academy. This amounted to £126,667 and there are no restrictions as to their use.

8 Resources Expended	Non-pay expenditure			Total 2011 £
	Staff costs £	Premises £	Other costs £	
Costs of generating voluntary income	-	-	50,774	50,774
Costs of activities for generating funds Academy's educational operations				
Direct costs	2,034,142	2,596	200,940	2,237,678
Allocated support costs	543,046	393,758	34,997	970,801
	<u>2,577,188</u>	<u>396,354</u>	<u>286,711</u>	<u>3,260,253</u>
Governance costs including allocated support costs	-	-	65,701	65,701
	<u>2,577,188</u>	<u>396,354</u>	<u>352,412</u>	<u>3,325,954</u>

Incoming resources for the year include	2011 £
Operating leases	7,525
Fees payable to auditor – audit	9,000
- other services	2,640
Profit/(loss) on disposal of fixed assets	-

9 Charitable Activities – Academy's Educational Operations	Unrestricted funds £	Restricted funds £	Total 2011 £
Direct Costs			
Teaching and educational support staff costs	-	2,034,142	2,034,142
Depreciation	-	2,596	2,596
Educational supplies	2,617	95,686	98,303
Examination fees	-	38,217	38,217
Staff development	-	9,053	9,053
Educational consultancy	-	14,343	14,343
Other direct costs	-	41,024	41,024
	<u>2,617</u>	<u>2,235,061</u>	<u>2,237,678</u>

9 Charitable Activities – Academy’s Educational Operations (continued)	Unrestricted funds £	Restricted funds £	Total 2011 £
Allocated Support Costs			
Support staff costs	-	515,046	515,046
Pension fund finance costs (LGPS see note 28)	-	28,000	28,000
Depreciation	-	200,073	200,073
Recruitment and support	-	19,542	19,542
Maintenance of premises and equipment	-	59,514	59,514
Cleaning	-	5,713	5,713
Rates and utilities	-	79,054	79,054
Insurance	-	49,404	49,404
Security and transport	-	3,999	3,999
Bank interest and charges	596	-	596
Other support costs	-	9,243	9,243
Reimbursed expenses	-	1,617	1,617
	<hr/>	<hr/>	<hr/>
	596	971,205	971,801
	<hr/>	<hr/>	<hr/>
	3,213	3,206,266	3,209,479
	<hr/>	<hr/>	<hr/>
10 Governance Costs			
Legal and professional fees		53,626	53,626
Auditor’s remuneration			
Audit of financial statements	-	9,000	9,000
Preparation of financial statements	-	2,640	2,640
Responsible Officer audit	-	435	435
Support costs			
		<hr/>	<hr/>
	-	65,701	65,701
	<hr/>	<hr/>	<hr/>
11 Staff Costs			
Staff costs during the period were			2011
			£
Wages and salaries			2,129,538
Social security costs			151,917
Pension costs			248,970
Pension fund finance costs (LGPS see note 28)			28,000
			<hr/>
Supply teacher costs			2,558,425
			18,763
			<hr/>
			2,577,188
			<hr/>

11 Staff Costs (continued)

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

	2011
Charitable Activities	No.
Teachers	58
Administration and support	48
Management	8
	—
	114
	—

The number of employees whose emoluments for the eight month period fell within the following bands was

£70,001-£80,000	1
	—

73 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contributions for these staff amounted to £215,452. Fifty-one of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £33,518.

12 Governors' Remuneration and Expenses

The Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than reimbursed expenses, from the Academy in respect of their role as Governors. The value of the Principal's remuneration was £78,179 in the period (£117,269 per annum). The value of staff Governors' remuneration was £61,455 in the period (£92,182 per annum).

During the period ended 31 August 2011, no travel and subsistence expenses were reimbursed to Governors.

There were no related party transactions involving the Governors.

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 £1,000,000 on any one claim and the cost for the period ended 31 August 2011 was £720.

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

14 Tangible Fixed Assets

Cost	Freehold land and buildings £	Freehold improvements £	Furniture and equipment £	Computer equipment £	Total £
At 1 January 2011	-	-	-	-	-
Additions	14,931,729	91,957	103,738	16,559	15,143,983
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2011	14,931,729	91,957	103,738	16,559	15,143,983
Depreciation					
Charged in year	199,090	983	1,979	618	202,670
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2011	199,090	983	1,979	618	202,670
Net Book Value					
At 31 August 2011	14,732,639	90,974	101,759	15,941	14,941,313
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

15 Debtors

	2011 £
VAT reclaimable	73,537
Prepayments	24,107
Other debtors	3,878
	<hr/>
	101,522
	<hr/>

16 Creditors: Amounts Falling Due within One Year

Trade creditors	125,330
Other taxation and social security	77,359
Other creditors	3,540
Accruals and deferred income	37,201
VAT grant	63,153
	<hr/>
	306,583
	<hr/>

17 Funds	Incoming resources £	Resources expended £	Gains, losses and, transfers £	Balance at 31 August 2011 £
Restricted General Funds				
General Annual Grant (GAG)	3,522,794	(2,820,889)	-	701,905
Standards funds	15,000	(15,000)	-	-
Specialist school funding (GAG)	12,500	(12,500)	-	-
ES pupil focused standards funds	16,587	(16,587)	-	-
SEN statement income	105,056	(105,056)	-	-
Specific educational projects	55,303	(55,303)	-	-
Charitable donations for specific purposes	4,033	-	-	4,033
Pension reserve	-	(28,000)	(971,000)	(999,000)
	<u>3,731,273</u>	<u>(3,053,335)</u>	<u>(971,000)</u>	<u>(293,062)</u>
Restricted Fixed Asset Funds				
Capital expenditure from GAG	19,542	(19,542)	-	-
Freehold property	14,931,729	(199,090)	-	14,732,639
	<u>14,951,271</u>	<u>(218,632)</u>	<u>-</u>	<u>14,732,639</u>
Total Restricted Funds	<u>18,682,544</u>	<u>(3,408,610)</u>	<u>(971,000)</u>	<u>14,439,577</u>
Unrestricted funds	<u>1,126,597</u>	<u>(53,987)</u>	<u>-</u>	<u>1,072,610</u>
Total unrestricted funds	<u>1,126,597</u>	<u>(53,987)</u>	<u>-</u>	<u>1,072,610</u>
Total funds	<u>19,809,141</u>	<u>3,325,954</u>	<u>(971,000)</u>	<u>15,512,187</u>

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

General Annual Grant (GAG) income must be used for the running of the Academy including salary costs, overheads, premises costs and curriculum costs. The Academy is allowed to carry forward a surplus of up to 12% each year on any unused GAG funds. Of this 12%, 2% may be used for general purposes but any excess over 2% must be used for capital purposes.

Standards funds and ES pupil focussed standard funds income must be used to raise attainment, for example through initiatives such as one-to-one tuition.

Specialist schools status income is aimed to improve the Academy's expertise in its chosen specialism (Maths and Computing and Training School). It can be spent on any costs associated with this aim. It forms part of GAG funding.

17 Funds (continued)

SEN statement income must be used to assist the learning of children with special educational needs

Pension reserve is the element of the local government pension fund liabilities attributable to the Academy (see note 26)

Capital expenditure from GAG relates to GAG funding received in the form of devalued capital grants This income must be used to purchase capital items as agreed with YPLA

Freehold property fund reflects the depreciated replacement cost of the freehold land and buildings granted to the Academy by Thurrock Local Authority on conversion, less associated depreciation

Specific educational projects income relates to funds provide to the school for specific activities where the donors have imposed restrictions

Charitable donations for specific purposes relate to donations made by parent and pupils towards fundraising for a national charity and also funds raised from the sale of a copper roof to be used as a contribution towards the cost of a new roof

School journey funds relate to income and costs associated with organising field trips and day trips for pupils

18 Analysis of Net Assets between Funds

Fund balances at 31 August 2011 are represented by

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	209	14,732	14,941
Current assets	1,073	803	-	1,876
Current liabilities	-	(306)	-	(306)
Pension scheme liability	-	(999)	-	(999)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	1,073	(293)	14,732	15,512
	<hr/>	<hr/>	<hr/>	<hr/>

19 Capital Commitments

Contracted for, but not provided in the financial statements

**2011
£**

49,686

20 Financial Commitments**Operating Leases**

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows

Other	2011 £
Expiring within one year	3,100
Expiring within two and five years inclusive	9,120
Expiring in over five years	-
	<hr/>
	12,220
	<hr/>

21 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

Net income	16,483,187
Depreciation (note 14)	202,670
Capital grants from DfE and other capital income (note 6)	(19,542)
Interest receivable (note 5)	(2,619)
Interest payable	596
Pension fund finance costs (LGPS see note 28)	28,000
Increase in debtors	(101,522)
Increase in creditors	296,583
Gifts in kind Freehold building	(14,931,729)
	<hr/>
Net cash inflow from operating activities	1,965,624
	<hr/>

22 Returns on Investments and Servicing of Finance

Interest received	2,619
Bank interest and charges	(596)
	<hr/>
Net cash inflow from returns on investment and servicing of finance	2,023
	<hr/>

	2011 £
23 Capital Expenditure and Financial Investment	
Purchase of tangible fixed assets	(212,254)
Capital grants from DfE/YPLA	19,542
Capital funding received from sponsors and others	-
Receipts from sale of tangible fixed assets	-
	<hr/>
Net cash outflow from capital expenditure and financial investment	(192,712)
	<hr/>

	Cash flows £	At 31 August 2011 £
24 Analysis of Changes in Net Funds		
Cash in hand and at bank	1,774,935	1,774,935
	<hr/>	<hr/>

25 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

26 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 Essex Pension Scheme 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 August 2011

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period contribution amounting to £50,966 was payable to the schemes at 31 August and is included within creditors

26 Pension and Similar Obligations (continued)**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 annum
Salary scale increases per annum	5.0 per cent per annum
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%

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 January 2011 to 31 August 2011 the employer contribution was 14.1%. 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 in respect of the scheme and the implications for the Academy in terms of the anticipated contribution rates.

27 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 period ended 31 August 2011 was £54,164, of which employer's contributions totalled £33,518 and employees' contributions totalled £20,646. The agreed contribution rates for future years are 12.2% for employers (plus £44,000) and between 5.5% and 7.5% for employees.

	At 31 August 2011 %
Principal Actuarial Assumptions	
Rate of increase in salaries	4.3
Rate of increase for pensions in payment/inflation	2.8
Discount rate for scheme liabilities	5.3
Inflation assumption (CPI)	2.8
Commutation of pensions to lump sums	50.0

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
Retiring Today	
Males	22.5
Females	25.1
Retiring in 20 Years	
Males	24.0
Females	26.7

27 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The Academy's share of the net assets and liabilities in the Scheme and the expected rates of return were

	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £'000
Equities	68.4	(149)
Government bonds	7.0	(15)
Other bonds	8.5	(18)
Property	11.3	(25)
Cash/liquidity	4.8	(10)
		<hr/>
Total market value of assets		(217)
Present value of scheme liabilities – funded		(782)
		<hr/>
Deficit in the scheme		(999)
		<hr/>

The basis used to determine the overall expected rate of return for each class of asset is as follows

	Start of Period	End of Period
Equities	7.5%	7.0%
Government bonds	4.2%	3.7%
Other bonds	5.0%	4.8%
Property	6.5%	6.0%
Cash/liquidity	0.5%	0.5%

The investment return used in calculating the year end assets was 0.9698. This was made up of 1.031 (as advised by the fund administrators to the actuary) for the six months to 30 June 2011 multiplied by 0.9433 being the actuary's estimated return based on a market index for July to August 2011, less 0.4% being the annual expenses pro rated for the period under review.

The actual return on scheme assets was £9,000

27 Pension and Similar Obligations (continued)**Local Government Pension Scheme (continued)**

Amounts Recognised in the Statement of Financial Activities	2011 £'000
Current service cost (net of employee contributions)	10
Past service cost	-
	<hr/>
Total operating charge	10
	<hr/>
Analysis of Pension Finance Income/(Costs)	
Expected return on pension scheme assets	(12)
Interest on pension liabilities	(26)
	<hr/>
Pension finance income/(costs)	(38)
	<hr/>

The actuarial gains and losses for the current year are recognised in the SOFA. The cumulative amount of actuarial gains and losses recognised in the SOFA since the adoption of FRS 17 is a £43,000 gain.

Movements in the Present Value of Defined Benefit Obligations	2011 £'000
Current service cost	58
Interest cost	26
Employee contributions	34
Actuarial (gain)/loss	(22)
Benefits paid	-
Past service cost	-
Curtailments and settlements	-
Business combinations	686
	<hr/>
At 31 August	782
	<hr/>
Movements in the Fair Value of Academy's Share of Scheme Assets	
Expected return on assets	(12)
Actuarial gain/(loss)	21
Employer contributions	68
Employee contributions	34
Benefits paid	-
Business combinations	(328)
	<hr/>
At 31 August	(217)
	<hr/>

The actual value of employer contributions for the year ended 31 August 2011 is £68,000.

27 Pension and Similar Obligations (continued)**Local Government Pension Scheme (continued)****The Five-Year History of Experience Adjustments**

	2011 £'000
Present value of defined benefit obligations	(782)
Fair value of share of scheme assets	(217)
	—
Deficit in the scheme	(999)
	—
Experience Adjustments on Share of Scheme Assets	
Amount £'000*	-
	—
Experience Adjustments on Scheme Liabilities	
Amount £'000*	-
	—

28 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the Board of Governors who are 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. There were no material related party transactions in the year.

29 Post Balance Sheet Event – Settlement of Carry Forward Balance

In October 2011, the Academy received notice from the Secretary of State that they would receive an additional £665,990 in carry forward funds. This has not been recognised as income in the Financial Statements for the period ended 31 August 2011 as the balance receivable was in dispute at the year-end and it was not possible to predict with any certainty the final settlement that would be achieved.