

**Sir William Burrough Primary School
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Period ended 31 August 2012



**Company Registration Number:
07797058 (England and Wales)**

Sir William Burrough Primary School

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Sir William Burrough Primary School

Reference and administrative details

| | |
|-----------------------------|---|
| Governors | D Twomey – Chair (Appointed 4 October 2011) D White (Appointed 4 October 2011) A Newman (Appointed 1 December 2011) K Coke (Appointed 1 December 2011) R Basir (Appointed 1 December 2011) A Millar (Appointed 4 October 2011) M Skelton (Appointed 12 July 2012) D Duncan (Appointed 1 December 2011) C Radley (Appointed 1 December 2011) |
| Secretary | S Black |
| Senior management team | A Newman – Principal A Wilson D Whaley D Eva S Black – Bursar |
| Registered Office | Salmon Lane Limehouse London E14 7PQ |
| Company Registration Number | 07797058 |
| Auditors | F M C B Hathaway House Popes Drive Finchley London N3 1QF |
| Bankers | Lloyds TSB Plc Threadneedle Street Branch PO Box 1000 Andover BX1 1LT |
| Solicitors | Schofield Sweeny LLP Church Bank House Church Bank Bradford BD1 4DY |

Sir William Burrough Primary School

Governors' Report

For the period ended 31 August 2012

The governors present their annual report together with the audited financial statements of the academy trust for the period from incorporation on 4 October 2011 to 31 August 2012

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors act as trustees for the charitable activities of Sir William Burrough Primary School and are also directors of the charitable company for the purposes of company law. The charitable company is known as Sir William Burrough Primary School.

Details of the governors who served throughout the year except as noted 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 amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the academy trust's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as director of the charitable company.

Principal Activities

The principal activity of the charitable company is to advance, for the public benefit, education amongst the communities of Limehouse and Tower Hamlets by establishing, maintaining and operating a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

The governors are appointed under the terms of the academy trust's articles of association as follows:

- The number of governors shall not be less than three but not subject to any maximum
- The members may appoint up to four governors
- The members may appoint one staff governor

Sir William Burrough Primary School

Governors' Report

For the period ended 31 August 2012

- The Local Authority may appoint one governor
- The parents of registered pupils at the academy shall appoint two governors
- The Principal
- The Secretary of State for Education may appoint additional governors as he thinks fit
- The governors may appoint up to three co-opted governors

The term of office for all governors, except the Principal, is four years. The Principal's term of office runs parallel with her contract of employment. The governors who were in office at 31 August 2012 and who served throughout the period, except where shown are listed on page 1

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new governors includes a tour of the school and a chance to meet staff and pupils. Additional training in specialist topics is provided by the academy as required.

Organisation Structure

Under its articles of association Sir William Burrough Primary School is responsible for the running of the academy. Sir William Burrough Primary School converted to an academy on 1 December 2011 when a funding agreement with the Secretary of State for Education was signed. The governors are responsible for setting general policy, adapting an annual plan and budget, monitoring the academy by the use of budgets, making major decisions about the direction of Sir William Burrough Primary School. The governors are responsible for the monitoring and performance of the Principal.

The organisational structure of the academy trust consists of three levels. The members, Governors and the Senior Leadership Team (SLT). The aim of the management structure is to devolve responsibility and encourage involvement in decision making.

The governors are responsible for setting all policies within Sir William Burrough Primary School, adopting an annual plan and have responsibilities for the school budget. The governors are also responsible for the appointment of senior staff at Sir William Burrough Primary School.

The governors are responsible for monitoring the performance of the Principal and the SLT.

The SLT members are the Headteacher, Deputy Headteacher, two Assistant Headteachers and the School Business Manager. The SLT manages the academy at an executive level implementing the policies laid down by the trustees and reporting back to them as a group. The senior managers are responsible for the authorisation of spending within agreed budgets and report back to the Governing Body at meetings scheduled during the academic year. Governors consider proposals relating to human resources, financial management budgets and policies.

Risk Management

The governors have assessed the major risks to which the academy is exposed, and there are systems and controls in place to manage those risks. Where the risks cannot be satisfactorily mitigated, adequate insurance cover is maintained. The academy Financial Handbook provides further details.

Sir William Burrough Primary School

Governors' Report

For the period ended 31 August 2012

Objectives and Activities

Objects and Aims

The principal objectives and activity of the charitable company is the operation of an academy to provide a broad and balanced education up to the age of 11 for local people. The academy

- Is at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community,
- Will undertake regular assessments of pupils performance,
- Will establish an admissions policy and admission procedures which are in accordance with statutory requirements
- Will place an emphasis on the needs of the individual pupils including pupils with special education needs (SEN), both those with and without statements of SEN

Objectives Strategies and Activities

The key priorities for the year are set out in the Headteachers Report to Governors, at the meeting of the governing body

The key objectives set out in the Autumn Term Report to Governors are

- Introduce ambitious and challenging texts to all children to extend their vocabulary, deepen their comprehension skills, and enhance their oracy
- Each class teacher is a Year Group Expert for the year/s they teach, and ensures that their class progresses in line with, or exceeds national year group expectations
- Equip all staff within KS2 with digital tracking data to inform maths and reading progress every half term, and provide timely personalised interventions for the children
- Ensure every child in KS2 is using Accelerated Maths at the maximum level of efficiency and consistency to consolidate and accelerate their progress
- Ensure all children in KS1 develop a fluent legible writing style through consistent teaching and modelling of cursive handwriting and facilitate a smooth transition for this into KS2
- Have clear learning pathways for dictation, spelling, punctuation and grammar for each year group
- Ensure every child has a secure grasp of early number bonds and that this is supported in transition to KS2
- Ensure every child in KS2 has a secure and sustainable grasp of place value and times tables
- Extend the use of iPads into every class as a tracking, assessment and multi-media tool

Public Benefit

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education

Sir William Burrough Primary School

Governors' Report

For the period ended 31 August 2012

Achievements and Performance, 2012

Our pupils continue to achieve at or above national averages and national floor targets in the Key Stage 2 SATs, exceeding our own and national targets, with 90% gaining Level 4 or above in English and 90% in Maths, and 85% in both. This year, 30% of our children reached the advanced Level 5 in English and 32% in Maths. The percentage of children making expected progress from KS1 to KS2 was 92% in English, and 95% in Maths. These results are both above national rates of 89% for English and 87% for Maths. Our Year Six staff are to be congratulated on this consistently high pupil achievement, together with staff throughout the school who keep the children on track for this success. This year we are aiming for 100% achieving at or above national standards, and are confident we have staff, systems and resources in place to achieve this.

SATs Results 2012

| | Level 4+ | National Average |
|---------|----------|------------------|
| English | 90% | 85% |
| Maths | 90% | 84% |
| Both | 85% | 79% |

Pupil numbers

At the last PLASC (pupil census) the total number of children in October 2012 was 353, broken down as follows:

- Nursery - 44
- Reception - 45
- Year 1 - 44
- Year 2 - 44
- Year 3 - 45
- Year 4 - 45
- Year 5 - 43
- Year 6 - 43

Going Concern

After making appropriate enquiries, the Governing Body has reasonable expectations that the academy trust 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 going concern basis can be found in the Accounting Policies note to the financial statements.

Sir William Burrough Primary School

Governors' Report

For the period ended 31 August 2012

Financial Review

The vast majority of the academy trust's income is obtained from the DfE/EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Recent significant investments are

- Refurbishment of the frontage and roof to the school site
- Refurbishment of the windows and doors in the Community Centre
- Upgrade of the nursery playground

The academy trust's principal risks and uncertainties are surrounding the future financing of the education and the implication for the academy. In the current economic climate, we are unable to predict with any certainty the financing of schools, especially with the current proposals to move to a National Funding Formula but nevertheless with the academy's cost base, future growth in pupil numbers and additional funding as an academy we believe we are well placed to meet the financial uncertainties we face in the future.

Local Government Pension Scheme (LGPS)

On conversion the governors were sent an LGPS actuarial valuation by the Actuary appointed by the London Borough of Tower Hamlets. The purpose of the valuation is to establish the share of the overall deficit on the Scheme to be attributed to an individual academy and to set out the means by which this share of the deficit will be made good. It was noted that, by comparison with the way in which other schools in the Borough were being asked to contribute to the reduction of the deficit, Sir William Burrough Primary School was being treated differently and, arguably, unfairly. Local schools' LGPS employer contribution has been set at 15.8% with a deficit reduction period of 19 years and the assistance of a central LA grant of some £15 million. Sir William Burrough Primary School is being asked to repay its share of the deficit over 14 years, without the aid of any central LA assistance by making an employer contribution of 27%. In consequence the School has written to the Secretary of State for Education seeking his view and assistance in obtaining fair treatment. This issue remained unresolved at the end of the academy's financial year.

Plans for Future Periods

The academy trust will continue to improve the levels of performance of all its pupils at all levels. Future plans for the development of Sir William Burrough Primary School are contained within the school's improvement plans.

Sir William Burrough Primary School

Governors' Report

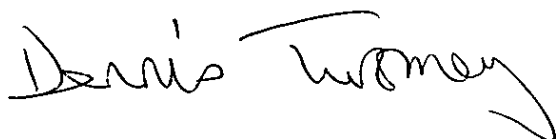
For the period ended 31 August 2012

Auditors

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditors is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by order of the members of the Governing Body on 25 January 2013 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Dennis Twomey', with a stylized flourish at the end.

D Twomey

Chair of Governors

Sir William Burrough Primary School

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Sir William Burrough Primary School 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 Sir William Burrough School 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.

Governance

The school has a main Governing Body and a Finance, Pay and Personnel Sub Committee. We intend to convene additional sub committees as and when required. An Admissions Sub Committee is due to be set up.

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's 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 Sir William Burrough Primary School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The system of internal control has been developed and is co-ordinated by the Headteacher, as the accounting officer and the school's financial advisor as the responsible officer. The system aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

The Risk and Control Framework

The accounting officer and the responsible officer keep proper accounting records during the year which all disclose, with reasonable accuracy and at any time, the financial position of the school, have been drawn up in accordance with the DFE/EFA guidelines, and will enable it to prepare an annual income and expenditure statement that complies with DFE/EFA guidelines.

The accounting officer and the responsible officer maintain and operate an effective system of internal control to safeguard all the resources delegated, granted or otherwise entrusted to the school and ensure they are used cost effectively.

Sir William Burrough Primary School

Governance Statement

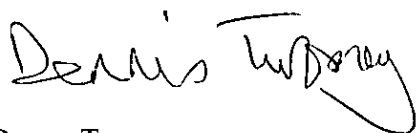
Scope of Responsibility (continued)

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 performed by our regular scrutiny of financial and other performance monitoring data and regular reports to the governing body.

We are, therefore, satisfied that the internal control systems in operation at the school during the year are adequate and effective.

Approved by order of the members of the Governing Body of Sir William Burrough Primary School on 25 January 2013 and signed on its behalf by



Dennis Twomey
Chair of Governors



Avril Newman
Accounting Officer

Sir William Burrough Primary School

Statement on Regularity, Propriety and Compliance

As accounting officer of Sir William Burrough Primary School I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

A handwritten signature in black ink, appearing to read 'A. Newman', followed by a horizontal line.

A Newman
Accounting Officer

Sir William Burrough Primary School

Statement on Governors' Responsibilities

The governors (who act as trustees for charitable activities and are also directors of Sir William Burrough Primary School for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency

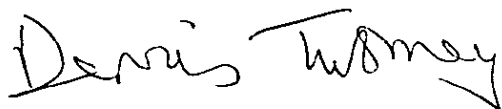
Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources including the income and expenditure account, of the academy for the period In 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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in operation

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy 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 academy applies financial and other controls, which conform to the requirements both of propriety and good financial management They are also responsible for ensuring that grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended

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



.....
D Twomey
Chair of Governors

Sir William Burrough Primary School

Independent Reporting Accountant's Assurance Report on Regularity to Sir William Burrough Primary School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 8 November 2012 and further to the requirements of the Education Funding Academy (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sir William Burrough Primary School during the period 1 September 2011 to 31 August 2012 have been applied for the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Sir William Burrough Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sir William Burrough Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sir William Burrough Primary School and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Sir William Burrough Primary School accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sir William Burrough Primary School's funding agreement with the Secretary of State for Education dated 1 December 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

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Sir William Burrough Primary School

Independent Reporting Accountant's Assurance Report on Regularity to Sir William Burrough Primary School and the Education Funding Agency

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Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 has not been applied for purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

F M C B Chartered Accountants
Hathaway House
Popes Drive
Finchley
London N3 1QF

04 February 2013

Sir William Burrough Primary School

Independent Auditor's Report to the members of Sir William Burrough Primary School

We have audited the financial statements of Sir William Burrough Primary School for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 11, the governors (who are also the directors of the academy trust 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 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 academy trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, 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 academy trust's affairs as at 31 August 2012, 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 United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Sir William Burrough Primary School

Independent Auditor's Report to the members of Sir William Burrough Primary School

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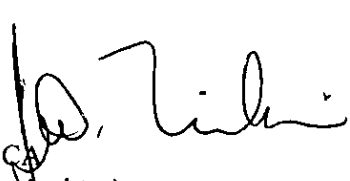
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial period 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


Jeffrey Zinkin FCA
(Senior Statutory Auditor)
for and on behalf of
F M C B Chartered Accountants
Statutory Auditor

Hathaway House
Popes Drive
Finchley
London N3 1QF

04 February 2013

Sir William Burrough Primary School

**Statement of Financial Activities for the Period from 4 October 2011 to 31 August 2012
(including Income and Expenditure Account and Statement of Total Recognised Losses)**

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total £ |
|---|------|----------------------------|-------------------------------------|--|------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds | | | | | |
| Assets transferred from predecessor school | 3 | 195,251 | (117,000) | 6,839,280 | 6,917,531 |
| Activities for generating funds | 4 | 42,991 | - | - | 42,991 |
| Investment income | 5 | 172 | - | - | 172 |
| Incoming resources from charitable activities | | | | | |
| Funding for the academy's educational operations | 6 | - | 1,655,035 | - | 1,655,035 |
| Other income | | 5,550 | - | - | 5,550 |
| Total incoming resources | | <u>243,964</u> | <u>1,538,035</u> | <u>6,839,280</u> | <u>8,621,279</u> |
| Resources expended | | | | | |
| Cost of generating funds | | | | | |
| Cost of goods sold | 7 | 1,280 | - | - | 1,280 |
| Charitable activities | | | | | |
| Academy's educational operations | 7 | 39,832 | 1,596,817 | 77,729 | 1,714,378 |
| Governance costs | 9 | - | 7,777 | - | 7,777 |
| Total resources expended | | <u>41,112</u> | <u>1,604,594</u> | <u>77,729</u> | <u>1,723,435</u> |
| Net incoming/(outgoing) resources before transfers | | | | | |
| Gross transfers between funds | 17 | 202,852 | (66,559) | 6,761,551 | 6,897,844 |
| Net income/(expenditure) for the period | | <u>(72,560)</u> | <u>(27,942)</u> | <u>100,502</u> | <u>-</u> |
| Other recognised gains and losses | | | | | |
| Actuarial losses on defined benefit pension scheme | 25 | 130,292 | (94,501) | 6,862,053 | 6,897,844 |
| Net movement in funds | | <u>-</u> | <u>(26,000)</u> | <u>-</u> | <u>(26,000)</u> |
| Reconciliation of funds | | | | | |
| Funds brought forward at 4 October 2011 | 17 | 130,292 | (120,501) | 6,862,053 | 6,871,844 |
| Funds carried forward at 31 August 2012 | 17 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

All of the academy's activities derive from operations which commenced or were transferred (acquired) during the period ended 31 August 2012 and represent continuing operations

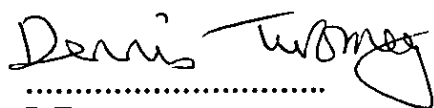
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Sir William Burrough Primary School

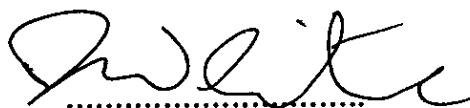
Balance Sheet as at 31 August 2012

| | Notes | £ | £ |
|---|-------|-----------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | | 6,862,053 |
| Current assets | | | |
| Stocks | 14 | 1,000 | |
| Debtors | 15 | 102,622 | |
| Cash at bank and in hand | | 277,034 | |
| | | ----- | |
| | | 380,656 | |
| Creditors Amounts falling due within one year | 16 | (236,865) | |
| | | ----- | |
| Net current assets | | | 143,791 |
| | | | ----- |
| Total assets less current liabilities | | | 7,005,844 |
| Pension scheme liability | 25 | | (134,000) |
| | | | ----- |
| Net assets including pension liability | | | <u><u>6,871,844</u></u> |
| Funds of the academy: | | | |
| Restricted funds | | | |
| Fixed asset funds | 17 | | 6,862,053 |
| Restricted general funds including pension scheme deficit | 17 | | (120,501) |
| Unrestricted | 17 | | 130,292 |
| | | | ----- |
| Total funds | | | <u><u>6,871,844</u></u> |

The financial statements on pages 16 to 35 were approved by the Governors, and authorised for issue on 25 January 2013 and are signed on their behalf by



D Twomey
Chair of Governors



D White
Governor

Company Limited by Guarantee
Registration Number 07797058

Sir William Burrough Primary School

Cash Flow Statement for the Period Ended 31 August 2012

| | Notes | |
|---|-------|----------------|
| Net cash inflow from operating activities | 20 | 182,113 |
| Returns on investments and servicing of finance | 21 | 172 |
| Capital expenditure | 13 | (100,502) |
| Cash transferred on conversion to an academy trust | 26 | 195,251 |
| Increase in cash in the year | 22 | <u>277,034</u> |
| Reconciliation of net cash flow to movement in net funds | | |
| Net funds at 4 October 2011 | | - |
| Net funds at 31 August 2012 | | <u>277,034</u> |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Annual Academies Accounts Direction 2011/12 issued by the Education Funding Agency 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 academy 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 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 of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period 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 an estimate of their gross 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 Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy's policies.

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

1 Accounting Policies (continued)

Sir William Burrough Primary School converted to an academy trust on 1 December 2011. The academy operates from Salmon Lane, London E14 2BG. The London Borough of Tower Hamlets owns the freehold of the site. The London Borough of Tower Hamlets has granted the academy a 125 year lease starting from 1 December 2011 upon which a peppercorn rent is payable. The long leasehold has been included in the financial statements at its insurance value. This would be the reinstatement cost of the asset.

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 costs are allocated 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.

All resources expended are inclusive of irrecoverable VAT.

Conversion to an Academy

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Sir William Burrough Primary School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item except for the long leasehold. Their fair value is in accordance with the accounting policies set out for Sir William Burrough Primary School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. The long leasehold has been included in the financial statements at its insurance value. This would be the reinstatement cost of the asset. Further details of the transaction are set out in note 26.

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, 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 credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over their expected useful lives, as follows

| | |
|---|----------------------------|
| Long leasehold buildings and improvements | 1% and 15% straight line |
| Fixtures and equipment | 20% reducing balance basis |
| Computer equipment | 33 34% straight line |

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. 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.

Leased Assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

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.

Pensions Benefits

Retirement benefits to employees of the academy are provided by 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.

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

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 25, 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.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate 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 operating surplus 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 Statement of Financial Activities 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 other gains and losses.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department of Education.

2 General Annual Grant (GAG)

a Results and carry forward for the period

| | |
|--|------------------|
| GAG allocation for current period | 1,443,380 |
| Total GAG available to spend | 1,443,380 |
| Recurrent expenditure from GAG | (1,415,438) |
| Fixed assets purchased from GAG | (100,502) |
| GAG carried forward to next year | (72,560) |
| Maximum permitted GAG carry forward at end of current period (12% of allocation for current period) | 173,205 |
| GAG to surrender to DfE | (245,765) |
| (12% rule breached if result is positive) | no breach |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

b Use of GAG brought forward for recurrent purposes

(Of the amount carried forward each period, 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)

Nil

Recurrent expenditure from GAG in current period

1,415,438

GAG allocation for current period

(1,443,380)

GAG allocation from previous year x 2%

-

GAG b/fwd from previous period in excess of 2%, used on recurrent expenditure in current period

-

no

(2% rule breached if result is positive)

breach

3 Assets Transferred from Predecessor School

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total £ |
|---|----------------------------|-------------------------------------|--|------------------|
| Long leasehold and buildings | - | - | 6,839,280 | 6,839,280 |
| Local government pension scheme deficit | - | (117,000) | - | (117,000) |
| Cash | 195,251 | - | - | 195,251 |
| | <u>195,251</u> | <u>(117,000)</u> | <u>6,839,280</u> | <u>6,917,531</u> |

4 Activities for Generating Funds

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total £ |
|-------------------------|----------------------------|-------------------------------------|--|---------------|
| Contributions to visits | 4,060 | - | - | 4,060 |
| Income from catering | 35,771 | - | - | 35,771 |
| School uniforms | 1,873 | - | - | 1,873 |
| School generated income | 1,287 | - | - | 1,287 |
| | <u>42,991</u> | <u>-</u> | <u>-</u> | <u>42,991</u> |

5 Investment Income

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total £ |
|---------------|----------------------------|-------------------------------------|--|------------|
| Bank interest | <u>172</u> | <u>-</u> | <u>-</u> | <u>172</u> |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

| 6 Funding for the Academy's Educational Operations | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Assets Funds £ | Total £ |
|---|---------------------------------|---------------------------------------|--|--------------------|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 1,443,380 | - | 1,443,380 |
| Pupil Premium | - | 63,521 | - | 63,521 |
| Other grants | - | 25,000 | - | 25,000 |
| | ----- | ----- | ----- | ----- |
| | - | 1,531,901 | - | 1,531,901 |
| Other Government grants | | | | |
| Local authority grants | - | 123,134 | - | 123,134 |
| | ----- | ----- | ----- | ----- |
| | - | 1,655,035 | - | 1,655,035 |
| | ===== | ===== | ===== | ===== |
| 7 Resources Expended | Staff Costs £ | Premises £ | Other Costs £ | Total £ |
| Cost of activities for generating funds | - | - | 1,280 | 1,280 |
| Academy's educational operations | | | | |
| Direct costs | 1,026,596 | - | 196,057 | 1,222,653 |
| Support costs | 141,272 | 113,413 | 237,040 | 491,725 |
| Governance costs | - | - | 7,777 | 7,777 |
| | ----- | ----- | ----- | ----- |
| | 1,167,868 | 113,413 | 442,154 | 1,723,435 |
| | ===== | ===== | ===== | ===== |
| Incoming / outgoing resources for the period include | | | | |
| Operating leases | | | | 7,820 |
| Auditor's remuneration | | | | 7,500 |
| | | | | ----- |
| | | | | 15,320 |
| | | | | ===== |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

| 8 Charitable Activities - Academy's Educational Operations | Restricted General Funds £ |
|---|---------------------------------------|
| Direct costs | |
| Teaching and educational support staff | 1,026,596 |
| Depreciation | 2,762 |
| Educational supplies | 97,141 |
| Staff development | 7,543 |
| Educational consultancy | 6,020 |
| Other direct costs | 82,591 |
| | <u>1,222,653</u> |
| Allocated support costs | |
| Support staff | 141,272 |
| Depreciation | 74,967 |
| Recruitment and support | 1,230 |
| Maintenance of premises and equipment | 41,629 |
| Cleaning | 39,017 |
| Rent and rates | 2,518 |
| Insurance | 14,193 |
| Catering | 101,418 |
| Bank interest and charges | 28 |
| Other support costs | 75,453 |
| | <u>491,725</u> |
| Total | <u><u>1,714,378</u></u> |

9 Governance Costs

| | Unrestricted Funds £ | Restricted Funds £ | Total £ |
|-----------------------------|---------------------------------|-------------------------------|--------------------|
| Legal and professional fees | - | - | - |
| Auditor's remuneration | - | 7,500 | 7,500 |
| Governors' hospitality | - | 277 | 277 |
| | <u>-</u> | <u>7,777</u> | <u>7,777</u> |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

10 Staff Costs

£

Staff costs during the period were

| | |
|-----------------------|------------------|
| Wages and salaries | 896,709 |
| Social security costs | 68,428 |
| Pension costs | 99,471 |
| | ----- |
| | 1,064,608 |
| Supply teacher costs | 103,260 |
| | ----- |
| | <u>1,167,868</u> |

The average number of persons (including senior management team) employed by the academy during the period, and the full time equivalents, was as follows

| | Number | Full-time Equivalent |
|------------------------------|--------|-------------------------|
| <i>Charitable Activities</i> | | |
| Teachers | 6 | 6 |
| Administration and support | 14 | 13 |
| Management | 22 | 21 |
| | --- | --- |
| | 42 | 40 |
| | == | == |

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

| | |
|--------------------|----------|
| £90,000 - £100,000 | <u>1</u> |
|--------------------|----------|

The above employee participated in the Teacher's Pension Scheme. During the period ended 31 August 2012, pension contributions for this employee amounted to £10,578

11 Governors' Remuneration and Expenses

Principal and staff governors (trustee governors) only received remuneration in respect of services they provided 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. Details of remuneration was as follows

A Newman, staff governor and trustee £90,000 to £95,000
C Radley, staff governor and trustee £40,000 to £45,000
R Basir, parent governor and trustee £10,000 to £15,000

12 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 period ended 31 August 2012 was £833

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

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

| 13 Tangible fixed assets | Leasehold Land and Buildings | Furniture and Equipment | Computer Equipment | Total |
|---------------------------------|---|--|-------------------------------|--------------|
| Cost / valuation | £ | £ | £ | £ |
| Transfer on conversion | 6,839,280 | - | - | 6,839,280 |
| Additions | 89,015 | 3,200 | 8,287 | 100,502 |
| At 31 August 2012 | 6,928,295 | 3,200 | 8,287 | 6,939,782 |
| Depreciation | | | | |
| Charged in period | 74,327 | 640 | 2,762 | 77,729 |
| At 31 August 2012 | 74,327 | 640 | 2,762 | 77,729 |
| Net book values | | | | |
| At 31 August 2012 | 6,853,968 | 2,560 | 5,525 | 6,862,053 |

The leasehold land and buildings is the school at Salmon Lane, London E14 2BG. The London Borough of Tower Hamlets has granted a 125-year lease starting from 1 December 2011. The leasehold land and buildings have been included in the financial statements at insurance value. The insurance value has been used, as the cost of obtaining a valuation would outweigh any benefits.

| | |
|--|----------|
| 14 Stocks | £ |
| Clothing | 1,000 |
| 15 Debtors | £ |
| Trade debtors | 14,100 |
| Prepayments | 8,016 |
| Other debtors | 80,506 |
| | 102,622 |
| 16 Creditors: amounts falling due within one year | £ |
| Trade creditors | 55,027 |
| Other taxation and social security | 29,631 |
| Other creditors | 60,806 |
| Accruals and deferred income | 91,401 |
| | 236,865 |
| Deferred income | £ |
| Resources deferred in the period | 29,026 |
| Deferred income at 31 August 2012 | 29,026 |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

At the balance sheet date deferred income included

- (a) General Annual Grant of £21,235 for 2011/12 that has been clawed back and will be used for funding in 2012/13
- (b) Devolved Formula Capital Funding of £7,791 for use in 2012/13

17 Funds

| | Incoming Resources £ | Resources Expended £ | Gains, Losses and Transfers £ | Balance at 31 August 2012 £ |
|--------------------------------------|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | |
| General Annual Grant (GAG) | 1,443,380 | (1,406,438) | (36,942) | - |
| Other DfE/EFA grants | 88,521 | (75,022) | - | 13,499 |
| Local authority grants | 123,134 | (123,134) | - | - |
| | 1,655,035 | (1,604,594) | (36,942) | 13,499 |
| Pension reserve | (117,000) | - | (17,000) | (134,000) |
| | 1,538,035 | (1,604,594) | (53,942) | (120,501) |
| Restricted fixed assets funds | | | | |
| Inherited fixed assets | 6,839,280 | (68,393) | - | 6,770,887 |
| Capital expenditure from GAG | - | (9,336) | 100,502 | 91,166 |
| | 6,839,280 | (77,729) | 100,502 | 6,862,053 |
| Total restricted funds | 8,377,315 | (1,682,323) | 46,560 | 6,741,552 |
| Unrestricted funds | 243,964 | (41,112) | (72,560) | 130,292 |
| Total funds | 8,621,279 | (1,723,435) | (26,000) | 6,871,844 |

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG, and 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. The deficit carried forward will be funded from other funds receivable by the academy.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. Future GAG funding from the EFA is expected to be sufficient to fund the deficit.

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

The other restricted grants represent incoming resources for the following specific purposes

- (a) The academy has received funding of £96,279 from the London Borough of Tower Hamlets for nursery education. The academy has also received funding of £25,879 from Tower Hamlets to help with children who have special needs
- (b) The academy received EFA funding of £63,521 to help pupils from low-income families (Pupil Premium)
- (c) The academy received a grant of £25,000 from the National College for School Leadership to assist other schools

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority. This is the school site inherited from the local authority upon which a 125 year lease commencing from 1 December 2011 has been granted and a peppercorn rent is payable

18 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Assets Funds £ | Total Funds £ |
|--------------------------|----------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | - | - | 6,862,053 | 6,862,053 |
| Current assets | 130,292 | 250,364 | - | 380,656 |
| Current liabilities | - | (236,865) | - | (236,865) |
| Pension scheme liability | - | (134,000) | - | (134,000) |
| Total net assets | 130,292 | (120,501) | 6,862,053 | 6,871,844 |

19 Financial commitments

Operating leases

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows

| | £ |
|--|--------|
| Other | |
| Expiring within two and five years inclusive | 15,640 |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

20 Reconciliation of net income to net cash inflow from operating activities

| | £ |
|---|----------------|
| Net income | 6,871,844 |
| Depreciation (note 13) | 77,729 |
| Cash impact on conversion (note 26) | (6,917,531) |
| Interest receivable (note 5) | (172) |
| FRS 17 pension cost less contribution payable (note 25) | 17,000 |
| Increase in stocks | (1,000) |
| Increase in debtors | (102,622) |
| Increase in creditors | 236,865 |
| | ----- |
| Net cash inflow from operating activities | 182,113 |
| | ===== |

21 Returns on investments and servicing of finance

| | £ |
|--|------------|
| Interest received | 172 |
| | ----- |
| Net cash inflow from returns on investment and servicing of finance | 172 |
| | ===== |

22 Analysis of changes in net funds

| | Cash flows £ |
|--------------------------|-----------------|
| Cash in hand and at bank | 277,034 |
| | ===== |

23 Contingent Liabilities

A hire purchase agreement was entered into on 29 March 2010 that the academy decided to terminate early because the charges were not in accordance with the agreement. The suppliers are claiming £12,481 in respect of early termination. The academy rebut this claim as the agreement made no reference to it. The matter has been placed with the academy's solicitor.

24 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 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 cease to be a member.

25 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. 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.

Contributions amounting to £60,587 were payable to the schemes at 31 August 2012 and are included within creditors.

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary (GA), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

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.

Local Government Pension Scheme

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2012 was £47,487, of which employer's contributions totalled £22,737 and employees' contributions totalled £24,750. The contribution rates for future years are 27% for employers and 5.5% to 7.5% for employees.

Principal Actuarial Assumptions

| | At 31 August 2012 £ |
|--|------------------------------|
| Rate of increase in salaries | 4.5% |
| Rate of increase for pensions in payment | 2.2% |
| Discount rate for scheme liabilities | 4.1% |
| Inflation assumption (CPI) | 2.9% |

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 2012 £ |
|-----------------------------|------------------------------|
| <i>Retiring today</i> | |
| Males | 21.8 years |
| Females | 23.9 years |
| <i>Retiring in 20 years</i> | |
| Males | 23.3 years |
| Females | 26.5 years |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

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 were

| | Expected return at 31 August 2012 £ | Fair value at 31 August 2012 £ |
|--|--|---|
| Equities | 5.5% | 36,000 |
| Bonds | 2.8% | 8,000 |
| Property | 3.7% | 5,000 |
| | | ----- |
| Total market value of assets | | 49,000 |
| Present value of scheme liabilities | | |
| - Funded | | (183,000) |
| | | ----- |
| Deficit in the scheme | | (134,000) |
| | | ===== |
| Amounts recognised in the Statement of Financial Activities | | £ |
| Current service cost (net of employee contributions) | | 17,000 |
| | | ----- |
| Total operating charge | | 17,000 |
| | | ===== |
| Analysis of pension finance income / (costs) | | |
| Expected return on pension scheme assets | | 1,000 |
| Interest on pension liabilities | | (5,000) |
| | | ----- |
| Pension finance income / (costs) | | (4,000) |
| | | ===== |

The actual gains and losses for the current period 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 £26,000 loss.

| | |
|---|----------------|
| Movements in the present value of defined benefit obligations were as follows: | £ |
| At 1 December 2011 | 117,000 |
| Current service cost | 26,000 |
| Interest cost | 5,000 |
| Employee contributions | 9,000 |
| Actuarial loss | 26,000 |
| | ----- |
| At 31 August 2012 | 183,000 |
| | ===== |

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

| | |
|---|----------------------|
| Movements in the fair value of academy's share of scheme assets: | £ |
| At 1 December 2011 | |
| Expected return on assets | 1,000 |
| Employer contributions | 39,000 |
| Employee contributions | 9,000 |
| | <u>49,000</u> |
| At 31 August 2012 | <u>49,000</u> |

The estimated value of employer contributions for the year ended 31 August 2013 is £51,000

| | |
|---|-------------------------|
| The history of experience adjustments is as follows: | 2012 |
| | £ |
| Present value of defined benefit obligations | (183,000) |
| Fair value of share of scheme assets | 49,000 |
| | <u>(134,000)</u> |
| Deficit in the scheme | <u>(134,000)</u> |
| Experience adjustments on share of scheme assets | <u>-</u> |
| Experience adjustments on scheme liabilities | <u>-</u> |

26 Conversion to an academy Trust

On 1 December 2011 Sir William Burrough Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the academy from the London Borough of Tower Hamlets for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value (except for leasehold land and buildings which have been included at their insurance value) and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income

Sir William Burrough Primary School

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Assets Funds £ | Total Funds £ |
|--|-------------------------------------|---|--|------------------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | - | - | 6,839,280 | 6,839,280 |
| Budget surplus on Local Authority funds | 195,251 | - | - | 195,251 |
| LGPS pension deficit | - | (117,000) | - | (117,000) |
| | ----- | ----- | ----- | ----- |
| Net assets | 195,251 | (117,000) | 6,839,280 | 6,917,531 |
| | ===== | ===== | ===== | ===== |

The above net assets include £195,251 that were transferred as cash