

Financial Statements
CHEADLE HULME EDUCATION TRUST
(A company limited by guarantee)

For the period ended 31 August 2012



Company No 7907463

Cheadle Hulme Education Trust

Financial statements for the period ended 31 August 2012

Charitable company information

Company registration number: 7907463

Registered office: Cheadle Hulme High School
Woods Lane
Cheadle Hulme
Cheshire
SK8 7JY

Governors (charity trustees and directors of the company) Charles Nevin
Linda Magrath
Pauline Benton
Anthony Graham
Len Elias

Company secretary: Jane Dunkerley

Bankers: Lloyds TSB
2 Great Underbank
Stockport
SK1 1LW

Solicitors: Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

Independent Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditors
4 Hardman Square
Spinningfields
Manchester
M3 3EB

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Trustees' report

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of Cheadle Hulme Education Trust ('the Company', 'Charitable Company' or 'the Academy Trust') for the period from 12 January 2012 (date of incorporation) to 31 August 2012

The trustees

The trustees who served the trust during the period, and at the date of this report, were as follows

Mr Charles Nevin was appointed as a trustee on 12 January 2012

Mrs Linda Magrath was appointed as a trustee on 12 January 2012

Mrs Pauline Benton was appointed as a trustee on 12 January 2012

Mr Anthony Graham was appointed as a trustee on 12 January 2012

Mr John White was appointed as a trustee on 12 January 2012 and resigned on 14 September 2012

Mr Len Elias was appointed as a trustee on 14 September 2012

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee (registered number 7907463) and is an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Company was incorporated on 12 January 2012 and the fully transitioned operations of Cheadle Hulme High School ('the school') commenced on 1 February 2012 following a decision by the governing body and acceptance by the Secretary of State for Education that the School become an academy as of this date.

The trustees listed above act as the trustees for the charitable activities of Cheadle Hulme High School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Cheadle Hulme Education Trust.

The school has a wider board of governors which is comprised of appointed authority governors, parent governors, staff governors, other appointed governors and the trustees listed above.

Members' Liability

Every member of the Charitable Company undertakes to contribute to the assets of the Charitable 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 and to pay such amounts as may be required not exceeding £10 for the debt and liabilities contracted before he/she ceased to be a member. The Secretary of State for Education can direct the trustees of the Trust in certain circumstances where the quality of education is deemed unsatisfactory.

Trustees' report

Trustees' Indemnities

The Academy Trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 12 of the accounts.

Principal Activities

Cheadle Hulme High School converted to Academy status on 1 February 2012 at which point the entity's operations commenced. It is presently the only school operated by the Academy Trust. The Academy Trust's principal activities are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

The Members of the Trust are responsible for the appointment of school governors except a minimum of two parent governors and three staff governors who will be appointed through an election process directed by the governing body. In the event that these positions are not filled, the members of the Trust are able to appoint to these positions.

The number of governors shall be not less than two and shall be subject to a maximum of twenty.

Policies and Procedures Adopted for the Induction and Training of Governors

School governors are appointed based on the skills that they will bring to the governing body or based on a proposal to the governing body by representative groups. On appointment, governors receive information relating to the Trust and attend a briefing and receive an induction pack on the role and responsibilities of governors.

During the year, school governors are offered all necessary training.

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education. In addition to the trustees (see above), governors are members of committees who report to the board of directors. There are four governors committees, Funding & Audit, Human Resources, Property and Education.

The Funding and Audit Committee reports to the full governing body on finance and related issues.

The full governing body meets on at least three occasions per year.

Terms of reference exist for each committee and will be reviewed annually.

The day to day running of the School is delegated by the trustees to management under the leadership of the Head teacher, who is the Accounting Officer.

Trustees' report

Risk Management

The governors have assessed the major risks to which the Academy Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks

A formal review of the Trust's risk management process will be undertaken on an annual basis and key controls will be put in place to include

- formal agendas for all committee activity,
- terms of reference for all governing body and delegated committees under the direction of the governing body,
- pecuniary interests of governors are reviewed annually,
- comprehensive budgeting and management reporting,
- established organisational structure and clear lines of reporting,
- formal written policies,
- clear authorisation and approval levels, and
- vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed

Further details of financial and risk management are included on page 8 of this report

Connected organisations including related party relationships

The Trust works closely with the Altrincham College of Arts, Castle Hill, Cheadle Hulme School, Gorsey Bank Primary, Hursthead Junior School, Manchester University, Manchester Metropolitan University, Marple Hall High School, Moat House, Pendlebury, Priestnall School and Stockport LA. None of these organisations are considered to constitute formal related parties

Objectives and activities

Objects and Aims

The trust's object is to advance for the public benefit education for children aged 11 to 16 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum

The governors' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. The School is recognised by Ofsted as an Outstanding School

Trustees' report

Objects and Aims (continued)

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The School fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Our Vision is for every student, regardless of background or circumstance, to achieve the grades and develop the qualities which will open the door to the future of their choice.

Our Vision is based on four 'Cornerstones' Academic Aspiration, Culture & Creativity, Competition & Physical Endeavour and Leadership & Service.

Objectives, Strategies and Activities

The School's objective for the period ending 31 August 2012 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

Student roll - the total number on roll for the period 1 February 2012 to 31 August 2012 was 1,306.

Attendance - the attendance level achieved for the period was 95.8%.

Permanent exclusions - the aim is to have permanent exclusions only in exceptional circumstances. Cheadle Hulme High School had one permanent exclusion during the period from 1st February 2012 to 31st August 2012.

Staffing - the average number of (full time equivalent) staff employed during the period 1 February 2012 to 31 August 2012 was 123.

Public Benefit

The Academy Trust governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The school's catchment area is designated by the Local Authority and has not changed since academy status. The governors have reviewed the pupil admission policy and consider there to be no barriers to entry on the grounds of gender, ethnicity or family circumstances.

Trustees' report

Achievements and performance

The academic examination results for the School are set out in the tables below

Results showing year on year comparison from 2010 to 2012 for GCSE (KS4) results

Results	2012	2011	2010
5+ A* - C	99%	97%	95%
5+ A* - C including Maths/English	81%	74%	78%
5+ A* - E	100%	97%	98%

The School was graded Outstanding in all 27 categories by Ofsted in 2011

The Fisher Family Trust is the adopted performance measure and target monitoring tool and is used for Key Stage 3 and 4. The targets provided by the Fisher Family Trust take into account past performance and the profile of student intake.

Standards at key stage 4 (GCSE) have improved year on year from 2006 to 2012. Examination results for 5+ A* - C, including Maths and English, have increased from 57% to 81%.

Attendance levels regularly exceed 95%.

The School places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation 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 the going concern basis can be found in the Statement of Accounting Policies.

Key Financial Performance Indicators

The trustees consider the following financial key performance indicators when assessing performance:

- income (percentage derived from the GAG) – 90.7%
- staff costs as a percentage of income – 75.5%
- cash balance – £850,000

The figures for the current period exclude the one off donations received on conversion.

Trustees' report

Financial review

The Trust's financial position demonstrates total income of £13,180,000 with a surplus at the 31 August 2012 of £8,412,000. The surplus has been allocated to reserves.

The primary income stream for the Trust is the funding received from the EFA through the General Annual Grant (the 'GAG'). The total income recognised in the period from GAG was £3,684,000.

This is the first accounting period for the Trust. The conversion process has given rise to a number of one – off donations totalling £9,100,000. The Trust assumed a liability of £464,000 relating to its share of the local government pension scheme deficit on conversion. Further details of the assets and liabilities transferred are included in note 26 to the financial statements.

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the School building, its plant equipment and contents.

A strategic capital plan is prepared and reviewed each year by the governors in order that reserves can be prioritised and spent according to the needs of the Academy Trust.

The principal financial management policies adopted in the period are

- conducting regular financial reviews of income and expenditure versus planned budgets at the Finance and Audit Committee meetings, and
- consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfil the Academy Trust's educational obligations.

Reserves carried forward at the end of the financial period will be utilised as part of the medium and long term plans of the Academy Trust to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the school and its facilities.

Financial and Risk Management Objectives and Policies

The Trust has developed risk management procedures as outlined above. The governors are currently undertaking an assessment of the major risks to which the Academy is exposed and a formal review of the Trust's risk management process will be undertaken on an annual basis.

The Trust uses a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Trust's operations.

Trustees' report

Principal Risks and Uncertainties

The School is currently implementing a Risk Management Policy and is in process of creating a risk register and risk review process. The objectives will be to determine an approach, and where it is considered necessary put in place measures of control and mitigation in order to manage risk.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of the School.

Key controls in place are

- an organisational structure with defined roles, responsibilities and authorisation levels,
- terms of reference for the committees of the Governing Body,
- financial planning, budgeting and regular management reporting highlighting areas of financial risk,
- formal written and published policies for employees, and
- vetting procedures as required by law for the protection of the vulnerable

The Trust's employees are members of two defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard no 17. A deficit has been recognised at 31 August 2012. The TPS has been accounted for as a defined contribution scheme. Further details of the accounting policy adopted for each scheme are included in note 1 to the financial statements.

Due to the nature of the two pension schemes there is an underlying risk to the Trust which relates primarily to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme. The governors have given due consideration to these risks.

Reserves Policy

The level of reserves held at 31 August 2012 total £8,412,000. The reserves will be allocated and spent as part of the School Improvement Plan to update, improve and maintain its facilities and resources. A capital spending plan has been completed detailing the short, medium and long term needs and plans of the School for which reserves will be allocated and determined in order of priority to meet the needs of the School.

The deficit on the Local Government Pension Scheme (£493,000 at 31 August 2012) does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on free reserves of the Academy Trust because of recognising the deficit.

Trustees' report

Investment Policy

A formal investment policy has been proposed for adoption by the Governing Body in December 2012

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trust does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

The Trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the Trust not to invest funds in this manner.

The Trust acts as custodian trustee on behalf of other funds. These funds are held in separate bank accounts and are not included within the balance sheet of the Trust. At 31 August 2012, these funds totalled £63,000.

Plans for future periods

The aim is to provide a structure for continuous improvement and achievement at all key stages and the results at Key Stage 3 and 4 demonstrate year on year improvements.

The School has been given approval by the DFE to extend its age range from 11 – 16 years to an 11 – 18 years school from September 2013.

The School was also awarded Teaching School status in March 2012 and as part of its development has plans to provide management and leadership training, continuous professional development for staff, school to school support, and initial teacher training.

Whole School objectives and plans for the year include

- Academic Aspiration,
- Competition & Physical Endeavour,
- Leadership & Service, and
- Culture & Creativity


In terms of the site facilities of the School, a capital works programme is being developed to ensure the School is maintained and updated to the highest of standards within funding constraints.

Trustees' report

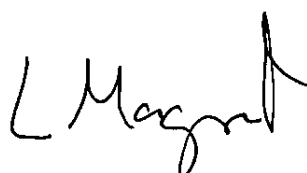
Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006

Approved by order of the members of the governing body on 21 December 2012 and signed on its behalf by



Rev C. Nevin
Chairman



Mrs L. Magrath
Accounting Officer

Governance statement

Statement of internal control

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the Academy Trust 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 only provide reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Head teacher, 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 the academy trust 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 information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustees body has formally met twice during the period. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings Attended	Out of a possible
Charles Nevin	2	2
Linda Magrath	1	2
Pauline Benton	1	2
Anthony Graham	2	2
John White	1	2

The Funding and Audit Committee is a sub-committee of the main governing body. Its purpose is to advise the board on all strategic financial management related issues. Attendance at meetings in the year was as follows:

Member	Meetings Attended	Out of a possible
Charles Nevin	1	1
Linda Magrath	1	1
Pauline Benton	1	1
Anthony Graham	0	1
John White	1	1

Governance statement

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 the Academy Trust'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 the Academy Trust for the seven months ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the seven months ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

A Risk Management Policy will be adopted by the board of trustees and a risk register and process of review is in process of being implemented.

The Risk and Control Framework

The Academy Trust'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 Funding and Audit Committee who report to the board of trustees,
- regular reviews by the Funding and Audit Committee of reports which indicate financial performance against forecasts, capital expenditure plans and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset and general expenditure purchase) guidelines,
- delegation of authority and segregation of duties, and
- identification and management of risks

Governance statement

Review of Effectiveness

As Accounting Officer, the Head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed the financial management and governance process employed by the Trust.

The Accounting Officer has considered the implications of the results of reviewing the system of internal control and together with the Funding and Audit Committee will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 21 December 2012 and signed on its behalf by



Rev C Nevin

Chair



Mrs L Magrath

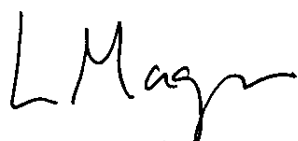
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Cheadle Hulme Education Trust, I have considered my responsibility to notify the Academy Trust governing body and the Education Funding Authority 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 irregularity 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.



Mrs L. Magrath
Accounting officer

Statement of trustees' responsibilities

The trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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. In preparing these financial statements, the trustees are required to

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

The trustees 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 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 trustees are responsible for ensuring that in its conduct and operations 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 EFA/DfE have been applied for the purposes intended.

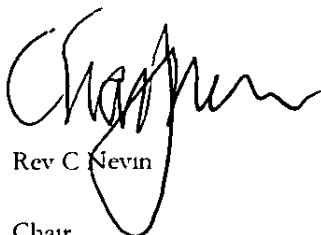
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of trustees' responsibilities


The trustees confirm that

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

Approved by order of the members of the board of trustees on 21 December 2012 and signed on its behalf by



Rev C Nevin
Chair



Mrs L Magrath
Accounting Officer



Independent auditor's report to the members of Cheadle Hulme Education Trust

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

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

Respective responsibilities of governing body and auditor

As explained more fully in the Statement of trustees' responsibilities set out on pages 16 and 17, 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 of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Education Funding Agency in respect of the relevant financial period.



Independent auditor's report to the members of Cheadle Hulme Education Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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 trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read "Tobias Wilson".

Tobias Wilson

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

21 December 2012

Independent auditor's report on Regularity to the trustees of Cheadle Hulme Education Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12 December 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 12 January 2012 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the trustees and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 Cheadle Hulme Education Trust and the EFA, for our work, for this report, or for the opinion we have formed

Respective responsibilities of the trustees and auditor

The trustees are responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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

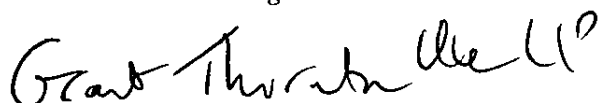
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period ended 31 August 2012 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA and the terms of our engagement letter dated 12 December 2012

Opinion

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 12 January 2012 to 31 August 2012 has not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
21 December 2012

Statement of financial activities (including the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	2012 Total £'000
Incoming resources					
<i>Income from generated funds</i>					
Voluntary income	3	—	—	20	20
Voluntary income – transfer from					
Local Authority on conversion	3	369	—	8,731	9,100
Activities for generating funds	4	—	3	—	3
Investment income	5	1	—	—	1
<i>Income from charitable activities</i>					
Funding for the academy's educational operations	6	—	4,056	—	4,056
Total incoming resources		370	4,059	8,751	13,180
Resources expended					
<i>Charitable activities</i>					
Academy's educational operations	8	(56)	(3,949)	(285)	(4,290)
<i>Governance costs</i>					
	9	—	(16)	—	(16)
<i>Other resources expended</i>					
Local Government Pension Scheme liability assumed on conversion	24	—	(464)	—	(464)
Total resources expended		(56)	(4,429)	(285)	(4,770)
Net incoming resources before transfers (net income/(expenditure) for the period)					
		314	(370)	8,466	8,410
Transfers between funds		—	(125)	125	—
Net incoming resources for the period		314	(495)	8,591	8,410
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	24	—	2	—	2
Net movement in funds		314	(493)	8,591	8,412
Reconciliation of funds					
Total funds at incorporation		—	—	—	—
Funds carried forward at 31 August 2012		314	(493)	8,591	8,412

All the above results are derived from acquisitions in the current financial period


The accompanying notes form part of these financial statements.

Balance sheet at 31 August 2012

	Note	2012 £'000	2012 £'000
Fixed assets			
Tangible assets	13		8,591
Current assets			
Debtors	14	116	
Cash at bank and in hand		850	
		<u>966</u>	
Creditors, amounts falling due within one year	15	<u>(652)</u>	
Net current assets			<u>314</u>
Total assets less current liabilities and net assets excluding pension liability			<u>8,905</u>
Pension scheme liability	24		<u>(493)</u>
Net assets including pension liability			<u><u>8,412</u></u>
Funds			
Restricted fixed asset fund	16	8,591	
Restricted general fund	16	—	
Pension reserve	16	<u>(493)</u>	
Total restricted funds			<u>8,098</u>
Unrestricted funds	16		<u>314</u>
Total funds			<u><u>8,412</u></u>

The financial statements were approved by the Governors and authorised for issue on 21 December 2012 and signed on their behalf by


 Rev C Nevin


 Mrs L Magrath

The accompanying notes form part of these financial statements.

Cash flow statement

	Note	2012 £'000
Net cash inflow from operating activities	20	605
Returns on investments and servicing of finance		
Interest received		1
Capital expenditure and financial investment		
Cash transferred on conversion of to an Academy Trust		369
Purchase of tangible fixed assets		(145)
Capital grants from DfE/EFA		20
Net cash out flow from capital expenditure and financial investment		244
Increase in cash	21	850

All the cash flows are derived from acquisitions in the current financial period

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006

The principal accounting policies are set out below

Going concern

The board of trustees assess whether the use of going concern is appropriate, ie 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 board of trustees make this assessment in respect of a period of at least one year from the date of approval of these financial statements. No such uncertainties have been identified and accordingly have applied the basis of going concern in preparing these financial statements

Incoming resources

All incoming resources are recognised when the Academy Trust 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 it is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt

Donations

Donations are recognised on a receivable basis, or on an accruals 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

Notes to the financial statements

Incoming resources (continued)

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust is recognised as incoming resources at open market value in the period in which they are receivable, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under a 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 its useful economic life in accordance with the Academy Trust's policy.

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 Trust's educational operations.

Governance costs

These include the costs attributable to the Academy Trust'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.

Notes to the financial statements

Tangible fixed assets

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

In the case of fixed assets transferred from the predecessor school these are treated as acquired at fair value, calculated by reference to either

- net book value at date of transfer, or
- in the absence of reliable net book value data, an estimate of fair value calculated by reference to an assumed value of fixed assets as compared to the pupil roll

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 trust's depreciation policy.

Assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write down the cost of each asset to its estimated residual value on a straight line basis over their expected useful lives. No depreciation is provided on freehold land or assets under construction.

The rates generally applicable are

Leasehold land and buildings	50 years
Furniture and equipment	10 years
Computers	3 years
Motor vehicles	4 years

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 to the statement of financial activities on a straight line basis over the lease term.

Notes to the financial statements

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Taxes 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.

Retirement Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pensions 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 trust.

Teachers' Pension Scheme

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 trust in such a way that the pension cost is a substantially level percentage of current and future payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the academy trust 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 period.

Retirement Benefits (continued)

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust 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 high quality corporate bonds 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 as part of staff costs are the current service costs and gains and losses on settlements and curtailments. 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 till vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount. Actuarial gains and losses are recognised immediately in other gains and losses.

Notes to the financial statements

Fund accounting

Unrestricted income funds those resources which may be used towards meeting the any of the charitable objects of the academy trust at the discretion of the governors

Restricted fixed assets are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose. The fund includes the value of assets transferred on conversion of the school.

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

Conversion to an academy trust

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 Cheadle Hulme High School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the board of trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Cheadle Hulme Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income or other resources expended in the Statement of Financial Activities and analysed under unrestricted funds (cash received), restricted general funds (pension liability) and restricted fixed asset funds (buildings, fixtures and fittings). Further details of the transaction are set out in note 26.

Notes to the financial statements

2 General Annual Grant (GAG)

	2012 £'000
GAG allocation for the period (total available to spend)	3,684
Recurrent expenditure from GAG	(3,765)
Fixed assets purchased from GAG	(125)
	<hr/>
GAG carried forward to next year	–
Maximum permitted GAG carry forward at end of current period (12% of allocation)	442
	<hr/>
GAG to surrender to DfE (12% rule breached if result is positive)	–
	<hr/> <hr/> No breach

This is the Academy Trust's first period of account and accordingly there was no GAG brought forward

3 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000
Capital grants	–	20	20
Other donations	369	8,731	9,100
	<hr/>	<hr/>	<hr/>
	369	8,751	9,120
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other donations comprised of cash inherited from the predecessor school (£369,000) and assets acquired from the predecessor school (£8,731,000)

4 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000
Hire of facilities	–	3	3
	<hr/>	<hr/>	<hr/>

Notes to the financial statements

5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000
Bank interest receivable	1	—	1

6 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000
DfE/EFA revenue grants			
General Annual Grant (note 2)	—	3,684	3,684
Start-up grants	—	18	18
Other DfE/EFA grants	—	354	354
	—	4,056	4,056

7 Analysis of total resources expended

	Staff costs £'000	Premises costs £'000	Other Costs £'000	2012 Total £'000
Academy's educational operations				
- direct costs	2,712	285	340	3,337
- allocated support costs	354	322	277	953
Governance costs	—	—	16	16
LGPS deficit assumed on conversion	—	—	464	464
	3,066	607	1,097	4,770

Total resources expended include

	2012 £'000
Operating lease rentals	2
Auditor's remuneration	9
Depreciation	285

Notes to the financial statements

8 Charitable activities – academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000
Direct costs			
Teaching and educational support staff	–	2,712	2,712
Depreciation	–	285	278
Educational supplies	–	117	117
Examination fees	–	74	74
Staff development	–	33	33
Other direct costs	–	116	116
	<u>–</u>	<u>3,337</u>	<u>3,337</u>
Allocated support staff costs			
Support staff costs	–	354	354
Recruitment and support	–	8	8
Maintenance of premises and equipment	–	200	200
Cleaning	–	72	72
Rent and rates	–	11	11
Insurance	–	39	39
Security and transport	–	2	2
Catering	–	14	14
Other support costs	56	197	253
	<u>56</u>	<u>897</u>	<u>953</u>
	<u>56</u>	<u>4,234</u>	<u>4,290</u>

9 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000
Legal and professional fees	–	7	7
Auditor's remuneration	–	9	9
	<u>–</u>	<u>16</u>	<u>16</u>

Notes to the financial statements

10 Staff costs

Staff costs during the period were as follows

	2012 £'000
Wages and salaries	2,541
Social security costs	203
Other pension costs	322
	<hr/>
	3,066 <hr/>

The average number of persons employed by the academy during the period, expressed as full time equivalents, was as follows

	2012 Number
Teachers	77
Administration and support	37
Management	9
	<hr/>
	123 <hr/>

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

	2012 Number
£60,001 to £70,000	1
£70,001 to £80,000	2
£80,001 to £90,000	–
£90,001 to £100,000	1
	<hr/>

Notes to the financial statements

Staff costs (continued)

During the period the following pension contributions were paid in respect of the higher paid employees as shown above

	2012 £'000
Pension contributions to Teachers Pension Scheme	<u>27</u>

During the period four higher paid employees participated in the Teachers Pension Scheme and no higher paid employees participated in the local Government Pension Scheme

11 Trustees' remuneration and expenses

The Headteacher is the only staff member appointed as a director/trustee and only receives remuneration in respect of services provided in undertaking the role of Headteacher and not in respect of service as a trustee/director. Other trustees/directors did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees/directors.

The aggregate of governors' remuneration was £86,000 (headteacher)

During the period ended 31 August 2012, travel and subsistence expenses totalling £15 were reimbursed to one governor.

12 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust's 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 £98.

Notes to the financial statements

13 Tangible fixed assets

	Leasehold Land & Buildings £'000	Furniture & equipment £'000	Computer equipment £'000	Total £'000
Cost				
Assets transferred on conversion	8,540	191	–	8,731
Additions	–	5	140	145
At 31 August 2012	8,540	196	140	8,876
Depreciation				
Provided in the period	249	24	12	285
At 31 August 2012	249	24	12	285
Net book value				
At August 2012	8,291	172	128	8,591

The trust has been granted the use of the site that it occupies. This is on the basis of a 125 year lease (at peppercorn rent) or such time that the Trust's funding agreement is terminated, at which point the lease site reverts back to the lessor. The trustees consider that the lease has a fair value of £nil because of the restrictions imposed within it.

14 Debtors

	2012 £'000
Trade debtors	20
Other debtors	32
Prepayments and accrued income	64
	116

Notes to the financial statements

15 Creditors: amounts falling due within one year

	2012 £'000
Trade creditors	17
Social security and other taxes	100
Accruals and deferred income	535
	<u>652</u>

16 Funds

	Incoming resources £'000	Resources expended £'000	Transfers £'000	Other gains & losses £'000	Balance at 31 August 2012 £'000
Restricted general funds					
General Annual Grant	3,684	(3,765)	(125)	–	(206)
Start-Up Grant	18	(18)	–	–	–
Other DfE/EFA grants	357	(151)	–	–	206
LGPS deficit assumed on conversion	–	(464)	–	–	(464)
Pensions reserve	–	(31)	–	2	(29)
	<u>4,059</u>	<u>(4,429)</u>	<u>(125)</u>	<u>2</u>	<u>(493)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	20	(1)	–	–	19
Capital expenditure from GAG	–	(11)	125	–	114
Donations on conversion	8,731	(273)	–	–	8,458
	<u>8,751</u>	<u>(285)</u>	<u>125</u>	<u>–</u>	<u>8,591</u>
Total restricted funds	<u>12,810</u>	<u>(4,714)</u>	<u>–</u>	<u>2</u>	<u>8,098</u>
Unrestricted funds	<u>370</u>	<u>(56)</u>	<u>–</u>	<u>–</u>	<u>314</u>
Total funds	<u>13,180</u>	<u>(4,770)</u>	<u>–</u>	<u>2</u>	<u>8,412</u>

Notes to the financial statements

Funds (continued)

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

Restricted general funds

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

Restricted fixed asset funds

Restricted fixed assets are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose

17 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset funds £'000	Total Funds 2012 £'000
Tangible fixed assets	—	—	8,591	8,591
Current assets	314	652	—	966
Current liabilities	—	(652)	—	(652)
Pension scheme liability	—	(493)	—	(493)
Total	314	(493)	8,591	8,412

18 Capital commitments

There are no amounts contracted for, but not provided in the financial statements at 31 August 2012

19 Operating lease commitments

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

	Other 2012 £'000
Expiring within two and five years inclusive	10

Notes to the financial statements

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

	2012 £'000
Net income	8,410
Depreciation	285
Capital grants from DfE and other capital income	(20)
Interest receivable	(1)
Budget surplus on LA funds received on conversion	(369)
Fixed assets received on conversion	(8,731)
FRS17 liability assumed on conversion	464
FRS 17 pension finance cost (note 26)	6
FRS 17 pension costs less contributions payable (note 24)	25
Increase in debtors	(116)
Increase in creditors	652
Net cash inflow from operating activities	605

21 Analysis of changes in net funds

	At incorporation £'000	Cash flows £'000	At 31 August 2012 £'000
Cash at bank and in hand	—	850	850

22 Contingent liabilities

If a capital asset acquired by the academy trust for market value using a capital grant made available to the academy trust by the Department for Education, is disposed of during the currency of the relevant funding agreement between the charitable company and the Secretary of State, the academy trust is required to repay to the Secretary of State the same proportion of the proceeds of the disposal as equates with the proportion of the agreed costs met by the Secretary of State, unless the Secretary of State agrees to all proceeds being retained by the academy trust for its charitable purposes

23 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

Notes to the financial statements

24 Retirement benefits

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 Schemes (LGPS) for non-teaching staff, which is managed by Greater Manchester Pension Fund. Both are defined benefit schemes.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

There were no outstanding or prepaid contributions at the end of the financial period.

Teachers' Pension Scheme (TPS)

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increases) 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 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 on 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 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 costs of benefits payable in respect of that service.

Notes to the financial statements

Retirement benefits (continued)

Teachers' Pension Scheme (TPS) (continued)

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 to 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 real rate of 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 the Scheme's assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5% which translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has 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.

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefit, the TPS is a multi-employer pension scheme. The academy trust 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 trust has set out above the information available on the scheme and the implications for the academy trust in terms of the anticipated contribution rates.

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS)

The charitable company 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 schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The total employer's contribution made for the period ended 31 August 2012 was £65,000

The following information is based upon full actuarial valuations of the funds at 31 August 2010, updated to 31 August 2012 by qualified independent actuaries.

The principal actuarial assumptions used by the actuaries were as follows

	2012 %
Discount rate at 31 August 2012	4.4
Expected return on plans' assets at 31 August 2012	4.8
Rate of increase in pensions in payment	2.2
Rate of increase in salaries	4.0
Inflation assumption	1.0

The post retirement mortality assumptions used to value the benefit obligation at 31 August 2012 are based on the the Fund's VitaCurves table with a current year of use. The life expectancy of a male member reaching age 65 in 2012 is projected to be 85 years. The life expectancy of a female member reaching age 65 in 2012 is projected to be 88 years.

The expected return on plans' assets is based on market expectations for investment returns over the life of the related obligation. These are as follows

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000
Equities	5.5	920
Bonds	3.4	267
Property	3.7	67
Cash	2.8	79
Total market value of assets		<u>1,333</u>

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS) (continued)

The amounts charged or (credited) in the statement of financial activities are as follows

	2012 £'000
Current service cost (operating charge)	90
Interest on obligation	44
Expected return on plans' assets	(38)
Pension finance income	6

The amounts charged or credited in the statement of financial activities are included in wages and salaries charge

The actuarial gains and losses for the current period are recognised in the statement of financial activities

The amounts recognised in the consolidated balance sheet are as follow

	2012 £'000
Fair value of plans' assets	1,333
Present value of funded retirement benefit obligations	(1,826)
Net liability	(493)

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS) (continued)

The major categories of plan asset as a percentage of the total plans' assets, are as follow

	2012 %
Equities	69
Bonds	20
Property	5
Cash	6

The actual return on plans' assets during the period was £31,000

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

	2012 £'000
Defined benefit liabilities assumed on conversion	1,677
Current service cost	90
Interest cost	44
Actuarial gains	(10)
Contributions by plan participant	25
	<hr/>
Closing defined benefit liabilities at 31 August 2012	1,826 <hr/> <hr/>

Changes in the fair value of plans' assets are as follows

	2012 £'000
Fair value of plans' assets acquired on conversion	1,213
Expected return	38
Actuarial losses	(8)
Contributions by employer	65
Contributions by plan participant	25
	<hr/>
Closing fair value of plans' assets at 31 August 2012	1,333 <hr/> <hr/>

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS) (continued)

The cumulative amount of actuarial gains and losses recognised in the statements of financial activities since the adoption of FRS 17 (on incorporation) is a gain of £2,000

	2012 £'000
Fair value of plans' assets at 31 August	1,333
Present value of defined benefit obligation at 31 August	(1,826)
Deficit in the plan	(493)
Experience adjustments arising on the plans' assets	(8)
Experience adjustments arising on the plans' liabilities	<u>-</u>

25 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sectors 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 trust's financial regulations and normal procurement procedures.

No transactions material to either the Trust or the related party have been undertaken in the period ended 31 August 2012.

26 Conversion to an academy trust

On 1 February 2012 the Cheadle Hulme High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cheadle Hulme Education Trust Limited from Stockport Metropolitan Borough Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair 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 or other resources expended.

Notes to the financial statements

Conversion to an academy trust (continued)

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

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2012 £'000
Tangible fixed assets				
- Leaschold land and buildings	—	—	8,540	8,540
- other tangible fixed assets	—	—	191	191
Budget surplus on LA funds	369	—	—	369
LGPS deficit	—	(464)	—	(464)
Total	369	(464)	8,731	8,636

The above net assets include £369,000 that were transferred in cash

27 Post balance sheet event

The Academy Trust has received approval from the DfE to extend its age range from 11 – 16 years to an 11 – 18 years school from September 2013

As part of this the Academy Trust will commence a significant capital project to accommodate the increased pupil numbers. This will be grant funded and will not materially impact the Trust's reserves

The trustees consider that this expansion will have a positive impact on all aspects of the trust's objectives