

PARKSIDE SPORTS COLLEGE
(a company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 30 JANUARY 2012 TO
31 AUGUST 2012

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COMPANIES HOUSE

PARKSIDE SPORTS COLLEGE

COMPANY INFORMATION

Period ended 31 August 2012

Governors

L Davies
D English
V A Hopkins
G Hardy
J A Gallon
B Kinnair
R G Wolff
M A Rowell
E J Buckham
A Rowell
J E Stephenson (resigned 1 November 2012)
S Hopper (resigned 1 March 2012)
D P Kingston (Chair)
J M Jewsbury
I Lyle
K Henfrey
D G Liddle
A J Williams
R B Nelson
J Deller (appointed 7 March 2012)
O E Gunn (appointed 1 May 2012)
A Horner (appointed 1 September 2012)

Members of the Company

L Davies
D Kingston
A Williams
I Lyle
J Buckham
R B Nelson
D G Liddle (appointed 1 March 2012)

**Members of the Finance and General Purposes
Committee**

D Kingston (Chair)
L Davies
D English
K Henfrey
D G Liddle
A Williams
A Rowell
J Buckham
B Nelson
I Lyle
G Hardy
J A Gallon

Company Secretary

L C Thompson

Senior Management Team

L A Davies
C Hughes
A Lipscombe
L C Thompson

PARKSIDE SPORTS COLLEGE
COMPANY INFORMATION (continued)

Period ended 31 August 2012

Principal and Registered Office	Hall Lane Estate Willington Crook County Durham DL15 0QF
Company Registration Number	07928558 (England and Wales)
Independent Auditor	Baker Tilly UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	Lloyds TSB Market Place Crook Co Durham DL15 9ES
Solicitors	Browne Jacobson 44 Castle Gate Nottingham NG1 7BJ

PARKSIDE SPORTS COLLEGE

GOVERNORS' REPORT

Period ended 31 August 2012

The Governors present their report together with the financial statements of the charitable company for the period ended 31 August 2012

The financial statements have been prepared in accordance with the accounting policies of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005')

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy 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. The company was incorporated on 30 January 2012 and converted to Academy status on 1 March 2012. The Members act as trustees for the charitable activities of Parkside Sports College and are also the directors of the Charitable Company for the purposes of company law. The charitable company is known as Parkside Sports College.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 2.

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 Period after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' indemnities

Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Academy's Articles of Association, indemnity insurance with Zurich International has been taken out to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy. 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 of 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 Governors.

Principal activities

The following details the main purpose of the Company as set out in its Articles of Association and supported by the Financial Agreement secured with the Secretary of State for Education on 1 March 2012.

The Academy's object is specifically restricted to the following: 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 ("the Academy").

PARKSIDE SPORTS COLLEGE
GOVERNORS' REPORT (continued)
Period ended 31 August 2012

Method of recruitment and appointment or election of Governors

The number of Governors shall be at least three, with no maximum

The Academy Trust shall have the following Governors -

- a) Up to 1 member Governor,
- b) Up to 7 parent Governors,
- c) Up to 4 staff Governors,
- d) Up to 9 community Governors,
- e) The Principal
- f) Any additional or further Governors (if appointed as per Articles of Association)

The Academy Trust may also have any Co-opted Governors appointed as per Articles of Association

The Academy has the following Governors

L Davies
D English
V A Hopkins
G Hardy
J A Gallon
B Kinnair
R G Wolff
M A Rowell
E J Buckham
A Rowell
D P Kingston
J M Jewsbury
I Lyle
K Henfrey
D G Liddle
A J Williams
R B Nelson
J Deller (appointed 7 March 2012)
O E Gunn (appointed 1 May 2012)
A Horner (appointed 1 September 2012)

The following people served as Governors for part of the year but were not governors at the time of approval of the financial statements

S Hopper (resigned 1 March 2012)
J E Stephenson (resigned 1 November 2012)

Appointment of additional governors

The Secretary of State may give a warning notice to the Governors where he is satisfied -

- i) that the standards of performance of pupils at the Academy are unacceptably low, or
- ii) that there has been a serious breakdown in the way the Academy is managed or governed, or
- iii) that the safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise)

For the purposes of Article 60 a 'warning notice' is a notice in writing by the Secretary of State to the Academy delivered to the Office setting out -

- a) the matters referred to in Article 60,
- b) the action which he requires the Governors to take in order to remedy those matters, and
- c) the period within which that action is to be taken by the Governors ('the compliance period')

PARKSIDE SPORTS COLLEGE
GOVERNORS' REPORT (continued)
Period ended 31 August 2012

The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has
a) given the Governors a warning notice in accordance with Article 60, and
b) the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period

The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 Period period, of two Ofsted grades. For the purposes of the foregoing the grade received by Parkside Sports College shall be regarded as the grade received by the Academy

The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy

Within 5 days of the Secretary of State appointing any Additional or Further Governors in accordance with Articles 62, 62A or 63, any Governors appointed under Article 50 and holding office immediately preceding the appointment of such Governors, shall resign immediately and the Members' power to appoint Governors under Article 50 shall remain suspended until the Secretary of State removes one or more of the Additional or Further Governors

Terms of Office

All governors have a four year term of office from the date they were appointed

Policies and procedures adopted for the induction and training of governors

The Academy takes its responsibility to train new governors very seriously and therefore have developed a procedure to follow

The induction includes

- A tour of the school by a member of the senior team to include a briefing on our core purpose and values
- Meet staff and students on the tour
- Meet with the Head Teacher and Chair of Governors

Documentation supplied will include Governors handbook, Last Ofsted Report, previous minutes of the full Governing Body, list of governors, list of sub committees (and terms of reference /membership), calendar of governor meetings and training available

Governor Training is provided via the Service Level Agreement and Governor Support with Durham County Council and also by professional advisors in specific areas

Organisational structure

The Academy's Principal is the Accounting Officer. Her main task is to execute the policies agreed by the Academy in relation to its education functions and to bring forward for approval, proposals for further improving the quality of educational experience of the Academy's students. The Academy Governing Body has delegated the Principal extensive powers to make decisions quickly and efficiently in respect of the Principal's responsibilities. There is a senior management team consisting of L A Davies, C Hughes, A Lipscombe and L C Thompson and is supported by other members of the leadership team being D Thompson, S Roe, K Barnett, C Taylor, S Woollams, S Gregory and A J Williams

PARKSIDE SPORTS COLLEGE
GOVERNORS' REPORT (continued)

Period ended 31 August 2012

The Governing Body ensure good governance of the Academy and set policy. It can also question implementation of policy where relevant. The Governing Body has a Finance and General Purposes Committee, an Education Committee and a Personnel Committee with specific duties relating to their function. The Committees have delegated powers so that action can be taken quickly whenever necessary. Further ad hoc committees are set up from time to time to advise the Governing Body on very specific matters. These have advisory powers only.

The Governing Body has a Governor who is a member of the Education and Personnel Committees with financial expertise who is the Responsible Officer, B Kinnair.

Risk management

A review identifying the major risks to which the Academy is exposed, as identified by the Governors, will be undertaken annually, and systems or procedures established to manage those risks.

Objectives and Activities

The Academy exists to ensure that standards of education provision at the Academy are high and that the leadership and management of the academy develop them still further. There is an obligation on the Academy to support school improvement elsewhere across the country providing there is no detrimental effect on the quality of education provision in the Academy.

The Governing Body meets termly and has committees supporting the detail of its work.

Objects and aims

The Academy Trust's object is specifically restricted to the following 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.

Objectives, strategies and activities

Following consultation of the school's current strategic objectives by the Governors on conversion, the areas outlined below were agreed -

- Improve still further the quality of teaching & learning to meet the needs of all our pupils
- To continue to raise standards of attainment across all subjects
- To develop leadership and management skills across the school
- To link home and school through the development of a learning community
- To develop the school's learning environment, including the building

PARKSIDE SPORTS COLLEGE
GOVERNORS' REPORT (continued)
Period ended 31 August 2012

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Achievements and Performance

The school has undergone a period of rapid improvement with the 2012 examination results confirming our "OUTSTANDING" Ofsted status, with nearly 70% of pupils achieving at least 5A* - C grades including English and Maths.

Every student is important to us at Parkside and for the fourth year in succession 100% of our students achieved at least 8 grade A* - C GCSE passes, or equivalent, a performance no other school in the North East can match.

Over 70% of our students numbered at least 3 A* or A grades among their passes, with over 50% of students gaining 5A* or A passes. These excellent examination results are the best ever at Parkside.

This outstanding success has arisen from our insistence that every student is valued for their contribution to the school and community, coupled with a skilled and dedicated teaching and support staff and a desire to challenge and motivate our pupils to be the best they can be.

Individual students can succeed academically because we build a personalised curriculum for each of them, with all studying at least 9 GCSE's. There are opportunities to study everything from separate science, psychology and Modern Languages to a range of vocational subjects.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing its 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 average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2012 was as follows
 - 51 Teachers
 - 36 Administration and support
 - 4 Management
- The restricted GAG income received in the period ending 31 August 2012, of £2,021,118 has met the DfE 12% criteria, with £62,521 carried forward.
- The unrestricted surplus carried forward is £181,840 at 31 August 2012.

PARKSIDE SPORTS COLLEGE
GOVERNORS' REPORT (continued)
Period ended 31 August 2012

Financial Review

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

During the period ended 31 August 2012 total expenditure of £2,255,754 was more than covered by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of total income over total expenditure for the year (prior to other gains/losses) was £4,928,592. Excluding the restricted fixed asset funds this is a deficit of £985,639 of which £1,230,000 relates to the pension deficit. The closing funds excluding the fixed asset fund and the pension deficit are therefore £244,361.

At 31 August 2012 the net book value of fixed assets was £5,805,034 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

There is a proactive Finance and General Purposes Committee that meets each term to look in depth at the financial situation, review policies and procedures, agree annual budget and report back to full Governors.

In addition to this there is a sub-committee consisting of 3 members of the Finance and General Purposes Committee, the "Scrutiny Committee", that meet three times each term and looks in depth at the income and expenditure, bank reconciliation, departmental spending and balance sheets, this sub-committee then report back to the Finance and General Purposes Committee.

Financial and risk management objectives and policies

The Academy's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Governing Body is responsible for making a statement on risk management in the annual accounts of the Academy Trust. In order to be able to make the required statement with reasonable confidence, the Governors should ensure that

- the identification, assessment and mitigation of risk is linked to the achievement of the Academy Trust's vision and strategic goals as set out in the Academy's Development Plan
- the process covers all areas of risk e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- the process produces a risk exposure profile that reflects the Governors' views as to levels of acceptable risk
- the principal results of risk identification are reviewed, evaluated and managed, and ensure that the risk management is ongoing and embedded in management and operation procedure

The Academy minimises the risk to the financial wellbeing and good reputation of the school by recognising and minimising risk to the Governance, management and fabric of the school.

Principle risks and uncertainties

The main risks of the Academy are discussed informally at Governors and Committee meetings. During the period, the Academy has begun the formulation of a formal risk register and policy which will be approved by the Governors in early 2013. Risks are categorised as -

- Strategic & reputational
- Operational
- Compliance
- Financial

PARKSIDE SPORTS COLLEGE
GOVERNORS' REPORT (continued)
Period ended 31 August 2012

Reserves policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £350,000. The reason for this is to provide a sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £181,840 which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

The Academy held fund balances at 31 August 2012 of £4,823,592 comprising of £5,871,752 of restricted funds, a pension reserve deficit of £1,230,000 and £181,840 unrestricted general funds.

Investment policy

The Investment Policy is in place to ensure that investments are always safe, and are in place only to finance future large projects. The Academy recognises and agrees that all money received from EFA is to fund the education of the current students and the Academy should not hold large reserves/investments to the detriment of current pupils.

Plans for Future Periods

The Academy currently has Capital Financial bids under consideration for

- Roof to the three story block
- Curtain walls and windows to the original build
- Heating boilers

Other projects under consideration include

- Re-furbishment of 2 science laboratories
- Re-furbishment of changing rooms and showers

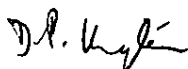
Auditors

Baker Tilly UK Audit LLP was appointed on 8 March 2012 and has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Body at its meeting on 11 December 2012 and signed on its behalf by



D P Kingston
Chair

PARKSIDE SPORTS COLLEGE
GOVERNANCE STATEMENT
Period ended 31 August 2012

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Parkside Sports College 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 Parkside Sports College 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 Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 3 times during the Period. Attendance during the Period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
L Davies	3	3
D English	0	3
V A Hopkins	3	3
G Hardy	3	3
J A Gallon	2	3
B Kinnair	2	3
R G Wolff	1	3
M A Rowell	2	3
E J Buckham	3	3
A Rowell	2	3
J E Stephenson (resigned 1 November 2012)	2	3
D P Kingston (Chair)	3	3
J M Jewsbury	1	3
I Lyle	3	3
K Henfrey	3	3
D G Liddle	2	3
A J Williams	3	3
R B Nelson	2	3
J Deller (appointed 7 March 2012)	2	3
O E Gunn (appointed 1 May 2012)	2	2
A Horner (appointed 1 September 2012)	1	1

The finance and general purposes committee is a sub-committee of the main governing body. Its purpose is to look at the financial position of the academy and report back at full Governors meetings. This committee also reviews and agrees financial policies and procedures. There is also a Financial Scrutiny Committee that meets three times per term to look at the financial reports in depth, question the financial decisions and ensure a healthy financial position is maintained. Attendance at meeting in the Period is as follows:

PARKSIDE SPORTS COLLEGE
GOVERNANCE STATEMENT (continued)
Period ended 31 August 2012

Governor	Meetings attended	Out of possible
L A Davies	3	3
D P Kingston (Chair)	3	3
I Lyle	3	3
K Henfrey	3	3
D Liddle	2	3
B Nelson	2	3
J S Gallon	1	3
G Hardy	1	3
D English	0	3
A Rowell	2	3
A Williams	3	3
J Buckham	3	3

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Parkside Sports College 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 Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an informal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. Formal consideration of the risk register and policy will be made by Governors early in 2013.

The risk and control framework

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

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

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

The RO function has been fully delivered in line with the EFA's requirements. No control issues of a material nature have been identified.

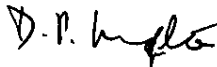
PARKSIDE SPORTS COLLEGE
GOVERNANCE STATEMENT (continued)
Period ended 31 August 2012

Review of effectiveness

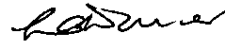
As Accounting Officer, the Principal, has responsibility for reviewing the effectiveness of the system of internal control. During the Period in question the review has been informed by

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

Approved by order of the members of the Governing Body on 11 December 2012 and signed on its behalf by



D P Kingston
Chair



L A Davies
Accounting Officer

PARKSIDE SPORTS COLLEGE
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

Period ended 31 August 2012

As accounting officer of Parkside Sports College I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency 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 my 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 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 irregular, impropriety or funding non-compliance have been discovered to date.



L A Davies
Accounting Officer

11/12/12

PARKSIDE SPORTS COLLEGE
STATEMENT OF GOVERNORS' RESPONSIBILITIES

Period ended 31 August 2012

The Governors (who act as trustees for charitable activities of Parkside Sports College and are also the Governors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts 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 Governors to prepare financial statements for each financial Period. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that period. In preparing these financial statements, the Governors are required to

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

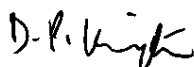
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE 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 Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The governors 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.

Approved by order of the members of the governing body on 11 December 2012 and signed on its behalf by



D P Kingston
Chair

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
PARKSIDE SPORTS COLLEGE**

We have audited the financial statements of Parkside Sports College for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 Academies Accounts Direction 2011/12 issued by the Education Funding Agency).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 15, the Governors (who act as the trustees for the charitable activities of the charitable company, and 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 properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' 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:

- the charity has not kept adequate accounting records, 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

1 St James Gate

Newcastle upon Tyne

NE1 4AD

17/12/12

**PARKSIDE SPORTS COLLEGE
STATEMENT OF FINANCIAL ACTIVITIES**

(including income and expenditure account and statement of total recognised gains and losses)

for the period from 1 March 2012 to 31 August 2012

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2012
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	4	-	2,152	24,122	26,274
- Voluntary income - transfer on conversion	25	147,348	(1,077,000)	5,830,963	4,901,311
- Activities for generating funds	5	138,112	-	-	138,112
- Investment income	6	213	-	-	213
Incoming resources from charitable activities					
- Funding for the academy's educational operations	2	-	2,118,436	-	2,118,436
Total incoming resources		<u>285,673</u>	<u>1,043,588</u>	<u>5,855,085</u>	<u>7,184,346</u>
Resources expended					
Cost of Generating Funds					
- Costs of activities for generating funds	8	103,833	-	-	103,833
Charitable activities					
- Academy's educational operations	9	-	2,076,334	55,143	2,131,477
Governance costs	10	-	20,444	-	20,444
Total resources expended		<u>103,833</u>	<u>2,096,778</u>	<u>55,143</u>	<u>2,255,754</u>
Net incoming (outgoing) resources before other recognised gains and losses and transfers		<u>181,840</u>	<u>(1,053,190)</u>	<u>5,799,942</u>	<u>4,928,592</u>
Gross transfers between funds	17	-	(9,289)	9,289	-
Net income/(expenditure)		<u>181,840</u>	<u>(1,062,479)</u>	<u>5,809,231</u>	<u>4,928,592</u>
Other recognised gains & losses					
Actuarial loss on defined benefit pension schemes	16	-	(105,000)	-	(105,000)
Net movement in funds		<u>181,840</u>	<u>(1,167,479)</u>	<u>5,809,231</u>	<u>4,823,592</u>
Total fund balances carried forward at 31 August 2012		<u>181,840</u>	<u>(1,167,479)</u>	<u>5,809,231</u>	<u>4,823,592</u>

All of the Academy's activities are derived from acquisitions in the current financial period

A statement of the total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities

PARKSIDE SPORTS COLLEGE (Company Number. 07928558)

**BALANCE SHEET
at 31 August 2012**

	Note	2012 £
Fixed assets		
Tangible assets	12	5,805,034
Current assets		
Stock	13	500
Debtors	14	126,472
Cash at bank and in hand		253,871
		<u>380,843</u>
Creditors amounts falling due within one year	15	(132,285)
Net current assets		<u>248,558</u>
Total assets less current liabilities (excluding pension liability)		6,053,592
Pension scheme liability	16	(1,230,000)
Net assets		<u><u>4,823,592</u></u>
Total funds of charity		
Restricted fund		
Restricted Fixed Asset fund	17	5,809,231
Restricted General fund	17	62,521
Pension fund	16	(1,230,000)
	17	<u>4,641,752</u>
General fund		
Unrestricted fund	18	181,840
Total charity funds	18	<u><u>4,823,592</u></u>

The financial statements on pages 17 to 38 were approved by the Governors and authorised for issue on 11 December 2012 and signed on their behalf by



D P Kingston
Chair

PARKSIDE SPORTS COLLEGE
CASHFLOW STATEMENT
for the period ended 31 August 2012

	Note	2012 £
Net cash inflow from operating activities	24a	<u>193,679</u>
Returns on investments and servicing of finance		
Interest received		<u>213</u>
Capital income/(expenditure)		
Capital grants from DfE		16,606
Other Capital grants received		7,516
Purchase of tangible fixed assets		<u>(29,214)</u>
		<u>(5,092)</u>
Cash balance transferred on conversion	24b	<u>65,071</u>
Net increase in cash		<u>253,871</u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		<u>253,871</u>
Net funds at 30 January 2012		<u>-</u>
Net funds at 31 August 2012		<u>253,871</u>
	At 30 January 2012 £	Cash Flows £
Cash at bank and in hand	<u>-</u>	<u>253,871</u>

PARKSIDE SPORTS COLLEGE
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 Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy

The conversion from a state maintained school to an Academy, 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 the maintained school Parkside Sports College to an Academy 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. Their fair value is in accordance with the accounting policies set out for Parkside Sports College. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted and restricted general funds. Further details of the transaction are set out in note 25.

Going Concern

After reviewing financial and other information available, the Governors consider that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. 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. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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 hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or the completion of the service.

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

1 ACCOUNTING POLICIES (continued)

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits

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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the Academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

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 General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency (EFA) and Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the EFA, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

Tangible fixed assets

Tangible fixed assets are capitalised at cost 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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

On conversion the school's tangible fixed assets were transferred at nil consideration to Parkside Sports College. The assets have been included at the fair value being an estimate of the open market value. The tangible fixed assets have been capitalised on the balance sheet with the related donation recognised as voluntary income (see note 25).

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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

Land	N/A
Freehold buildings	2% pa straight line
Fixtures, fittings and equipment	33% pa straight line
ICT computer equipment	20% pa 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.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

Stock

Catering stocks are valued at the lower of cost or net realisable value.

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.

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 16, 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 Period.

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.

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

2 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Restricted fixed assets fund £	2012 Total £
DfE/EFA REVENUE GRANTS				
General annual grant (GAG) (note 3)	-	2,021,118	-	2,021,118
	-	2,021,118	-	2,021,118
OTHER GOVERNMENT GRANTS				
Start-up grant	-	25,000	-	25,000
Pupil premium	-	54,888	-	54,888
Other income	-	17,430	-	17,430
	-	97,318	-	97,318
	-	2,118,436	-	2,118,436

3 GENERAL ANNUAL GRANT (GAG)

	2012 £
Results and Carry Forward for the period	
GAG allocation for the current period	2,021,118
Total GAG available to spend	2,021,118
Recurrent expenditure from GAG	(1,949,308)
Fixed assets purchased from GAG	(9,289)
GAG carried forward to next Period	62,521
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(242,534)
GAG to surrender to DfE (12% breached if result is positive)	(180,013)
	no breach

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

4 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed assets fund £	2012 Total £
EFA capital grant	-	-	16,606	16,606
Other income	-	2,152	7,516	9,668
	<u>-</u>	<u>2,152</u>	<u>24,122</u>	<u>26,274</u>

All other voluntary income receivable in the period is deemed to be exceptional as detailed in note 25

5 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2012 Total £
Catering income	52,629	-	52,629
School trips	52,449	-	52,449
Letting income	21,444	-	21,444
Miscellaneous school fund income	837	-	837
Other income	10,753	-	10,753
	<u>138,112</u>	<u>-</u>	<u>138,112</u>

6 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2012 Total £
Bank interest	213	-	213
	<u>213</u>	<u>-</u>	<u>213</u>

7 RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other £	Total 2012 £
Cost of activities for generating funds	-	-	103,833	103,833
Academy's Educational Operations				
Direct costs	1,241,539	55,143	163,457	1,460,139
Allocated support costs	441,474	-	229,864	671,338
Governance costs including allocated support costs	-	-	20,444	20,444
	<u>1,683,013</u>	<u>55,143</u>	<u>517,598</u>	<u>2,255,754</u>

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

7 RESOURCES EXPENDED (continued)

	2012 £
Net incoming resources for the period include	
Fees payable to Baker Tilly UK Audit LLP and its associates for	
- audit	7,000
- accounts preparation	1,000
- other services	2,155
Operating lease costs	4,406
	<u> </u>

8 COST OF GENERATING FUNDS

	Unrestricted Funds £	Restricted General Funds £	2012 £
School trips and transport	57,074	-	57,074
Catering	45,609	-	45,609
Miscellaneous school fund expenditure	1,150	-	1,150
	<u>103,833</u>	<u>-</u>	<u>103,833</u>

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

9 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2012 £
Direct costs				
Teaching and education support staff costs	-	1,241,539	-	1,241,539
Depreciation	-	-	55,143	55,143
Educational supplies	-	42,317	-	42,317
Examination fees	-	43,949	-	43,949
Staff development	-	6,764	-	6,764
Educational consultancy	-	2,500	-	2,500
Other direct costs	-	67,927	-	67,927
Total direct costs	<u>-</u>	<u>1,404,996</u>	<u>55,143</u>	<u>1,460,139</u>
Allocated support costs				
Personnel Costs				
Support staff costs	-	441,474	-	441,474
Recruitment and support costs	-	7,843	-	7,843
	<u>-</u>	<u>449,317</u>	<u>-</u>	<u>449,317</u>
Establishment Expenses				
Maintenance of premises & equipment	-	102,658	-	102,658
Rent & rates	-	17,391	-	17,391
Light & heat	-	31,405	-	31,405
Insurance	-	30,506	-	30,506
	<u>-</u>	<u>181,960</u>	<u>-</u>	<u>181,960</u>
General Expenses				
Cleaning	-	4,473	-	4,473
FRS 17 finance costs	-	22,000	-	22,000
Other support costs	-	13,588	-	13,588
	<u>-</u>	<u>40,061</u>	<u>-</u>	<u>40,061</u>
Total allocated support costs	<u>-</u>	<u>671,338</u>	<u>-</u>	<u>671,338</u>
Total costs	<u>-</u>	<u>2,076,334</u>	<u>55,143</u>	<u>2,131,477</u>

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

10 GOVERNANCE COSTS

	2012 £
Audit fees	7,000
Accountancy fees	3,155
Legal and professional	10,289
	<u>20,444</u>

11 STAFF COSTS

	2012 £
Staff costs during the period were	
Wages and salaries	1,372,595
Social security costs	100,175
Pension costs	154,604
	<u>1,627,374</u>
Supply teacher costs	55,639
	<u>1,683,013</u>

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2012, expressed as full time equivalents was as follows

	2012 No
Teachers	51
Administration and support	36
Management	4
	<u>91</u>

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

	2012 No.
£60,001 - £70,000	-
£80,001 - £90,000	<u>1</u>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £6,319

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

11 STAFF COSTS (continued)

GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors. The annual amount of the Principal's remuneration was £89,630. The value of staff governor's remuneration was £88,497.

During the period ended 31 August 2012, travel and subsistence expenses totalling £847 were reimbursed to Governors.

Related party transactions involving the trustees are set out in note 21.

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 £324.

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

12 TANGIBLE FIXED ASSETS

	Land £	Buildings £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
Transfer on conversion (note 25)	507,543	5,323,420	-	-	5,830,963
Additions	-	-	8,492	20,722	29,214
At 31 August 2012	<u>507,543</u>	<u>5,323,420</u>	<u>8,492</u>	<u>20,722</u>	<u>5,860,177</u>
Depreciation					
Charge in period	-	53,234	615	1,294	55,143
At 31 August 2012	<u>-</u>	<u>53,234</u>	<u>615</u>	<u>1,294</u>	<u>55,143</u>
Net book value					
At 31 August 2012	<u>507,543</u>	<u>5,270,186</u>	<u>7,877</u>	<u>19,428</u>	<u>5,805,034</u>

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

13	STOCK	At 31 August 2012 £ Catering 500 <hr/> 500 <hr/>
14	DEBTORS	At 31 August 2012 £ Trade debtors 1,600 Prepayments 88,114 Sundry debtors 36,758 <hr/> 126,472 <hr/>
15	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	At 31 August 2012 £ Trade creditors 2,789 Accruals and deferred income 19,450 Other taxation and social security 62,365 Other creditors 47,681 <hr/> 132,285 <hr/>
	Accruals and deferred income comprises:	At 31 August 2012 £ Incoming resources deferred in the period - <hr/> Deferred income at 31 August 2012 - <hr/>
	Accruals	19,450 <hr/>
	Total accruals and deferred income	19,450 <hr/>

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

16 PENSIONS AND SIMILAR OBLIGATIONS

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

As described in note 25, 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 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 £47,681 were payable to the scheme at 31 August 2012 and are included within creditors

Teachers' Pension Scheme

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

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

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

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
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Following the implementation of Teacher's Pension (Employer's Supplementary Contribution) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2011 to 31 March 2012 the employee contribution rate was 6.4% As of 1 April 2012, the Teachers' Pension Agency has issued new contribution rates for employees ranging from 6.4 to 8.8%, dependant on annual salary

Under the definitions set out in Financial Standards (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 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 rates

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August was £59,000, of which employer's contributions totalled £40,000 and employees' contribution totalled £19,000. The agreed rates for future periods are 18.3% per cent for employers.

Principal actuarial assumptions

	2012
	£
Rate of increase in salaries	4.7%
Rate of increase for pensions in payment	2.2%
Discount rate	4.2%
Inflation (CPI)	2.2%

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

	2012
	£
Retiring today	
Males	22.0
Females	24.1
Retiring in 20 years	
Males	23.8
Females	26.1

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

16 PENSIONS 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	7.5%	378,961
Property	7.0%	50,577
Government bonds	2.5%	214,769
Corporate bonds	3.2%	79,164
Cash	1.3%	9,529
Other	7.5%	-
TOTAL MARKET VALUE OF ASSETS		733,000
Present value of scheme liabilities		
- Funded		(1,963,000)
DEFICIT IN THE SCHEME		(1,230,000)

The actual return on scheme assets was a loss of £17,000

Parkside Sports College employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2012.

Amounts recognised in the statement of financial activities	2012 £
Current service cost	66,000
Less: employer contributions	(40,000)
Total operating charge	26,000
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	(19,000)
Interest on pension liabilities	41,000
Pension finance income/(costs)	22,000

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the SOFA

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is a loss of £105,000

Movements in the present value of defined benefit obligations were as follows	2012 £
Transfer on conversion (note 25)	1,750,000
Current service cost	66,000
Interest cost	41,000
Employee contributions	19,000
Net benefits paid out	(1,000)
Actuarial loss	88,000
	<hr/>
At 31 August 2012	1,963,000
	<hr/>
Movements in the fair value of Academy's share of scheme assets	
Transfer on conversion (note 25)	673,000
Expected return on assets	19,000
Actuarial loss	(17,000)
Employer contributions	40,000
Employee contributions	19,000
Net benefits paid out	(1,000)
	<hr/>
At 31 August 2012	733,000
	<hr/>

Employer contributions for the period ended 31 August 2013 are expected to be

- 18 3% of pensionable pay and,
- additional contributions to fund the scheme deficit of £49,400

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows

	2012
	£
Present value of defined benefit obligations	(1,963,000)
Fair value of share of scheme assets	733,000
	<hr/>
Deficit in the scheme	(1,230,000)
	<hr/>
Experience adjustments on share of scheme assets	-2.3%
Amount	(17,000)
Experience adjustments on scheme liabilities	0.0%
Amount	£nil

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

17 RESTRICTED FUNDS

	Incoming resources £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2012 £
Restricted General Fund				
General Annual Grant (GAG)	2,021,118	(1,949,308)	(9,289)	62,521
Pension reserve	(1,077,000)	(48,000)	(105,000)	(1,230,000)
	<u>944,118</u>	<u>(1,997,308)</u>	<u>(114,289)</u>	<u>(1,167,479)</u>
Start-up grants	25,000	(25,000)	-	-
Pupil Premium funding	54,888	(54,888)	-	-
Other funding	19,582	(19,582)	-	-
	<u>1,043,588</u>	<u>(2,096,778)</u>	<u>(114,289)</u>	<u>(1,167,479)</u>
Restricted Fixed Asset Fund				
Capital expenditure from GAG	-	(531)	9,289	8,758
DfE capital grants	16,606	(949)	-	15,657
Land and building transfer from Council	5,830,963	(53,234)	-	5,777,729
Other capital funding	7,516	(429)	-	7,087
	<u>5,855,085</u>	<u>(55,143)</u>	<u>9,289</u>	<u>5,809,231</u>
Restricted fixed asset fund				
	<u>6,898,673</u>	<u>(2,151,921)</u>	<u>(105,000)</u>	<u>4,641,752</u>
Total Restricted funds				
	<u>285,673</u>	<u>(103,833)</u>	<u>-</u>	<u>181,840</u>
Total Unrestricted funds				
	<u>7,184,346</u>	<u>(2,255,754)</u>	<u>(105,000)</u>	<u>4,823,592</u>
Total Funds				

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

General Annual Grant

General Annual Grant 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). 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.

Other Funding

This relates to National Lottery funding received in relation to a specific school project, 'Local Heroes'. All of the funding was spent in the current period.

DfE Capital

Capital funding has been received from the DfE for utilisation on building improvements and refurbishments. This funding is expected to be utilised on work to provide additional classroom space at the Academy. This work is to be completed early in the year ended 31 August 2013.

Land & Building transfer

See note 25. This balance is the main school premises to be depreciated over the remaining useful economic life of the building.

Capital expenditure from GAG

The balance represents the total capital expenditure from the GAG. Depreciation is charged to the fund over the life of the related assets.

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2012 £
Tangible fixed assets	-	-	5,805,034	5,805,034
Current assets	181,840	194,806	4,197	380,843
Current liabilities	-	(132,285)	-	(132,285)
Pension liability	-	(1,230,000)	-	(1,230,000)
Total net assets	<u>181,840</u>	<u>(1,167,479)</u>	<u>5,809,231</u>	<u>4,823,592</u>

19 OPERATING LEASES

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

	2012 £
Other	
Expiring within one year	-
Expiring within two and five years inclusive	52,268
Expiring in over five years	-
	<u>52,268</u>

20 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members

21 RELATED PARTY TRANSACTIONS

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

22 CONTINGENT LIABILITIES

In the event that during the period of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy 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 member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for debts and liabilities contracted before he/she ceases to be a member.

PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

24a RECONCILIATION OF NET INCOME TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2012 £
Net income	4,928,592
Cash impact of transfer on conversion	(65,071)
Depreciation	55,143
Interest receivable	(213)
FRS 17 – Transfer of opening liability	1,077,000
FRS 17 – Finance costs	48,000
Increase in stock	(500)
Increase in debtors	(126,472)
Increase in creditors	132,285
Transfer of land and buildings from Council	(5,830,963)
Capital grants from DfE	(16,606)
Other capital grants	(7,516)
	<hr/>
Cash inflow from operating activities	193,679 <hr/>

24b CASH TRANSFERRED ON CONVERSION TO AN ACADEMY

Cash balance transferred on conversion (note 25)	<hr/> 65,071 <hr/>
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PARKSIDE SPORTS COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2012

25 TRANSFERRED TO AN ACADEMY TRUST

On 1 March 2012 Parkside Sports College converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Parkside Sports College from the 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.

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

Voluntary income analysis

	TOTAL	Unrestricted	Restricted	Restricted
	£	Funds	General	Fixed Asset
		£	Fund	Funds
			£	£
Tangible fixed assets	5,830,963	-	-	5,830,963
School funds	65,071	65,071	-	-
School budget surplus from Durham County Council				
- Revenue	82,277	82,277	-	-
- Capital	-	-	-	-
LGPS pension deficit from Durham County Council	(1,077,000)	-	(1,077,000)	-
Net assets	<u>4,901,311</u>	<u>147,348</u>	<u>(1,077,000)</u>	<u>5,830,963</u>

The above net assets include £65,071 that was transferred as cash