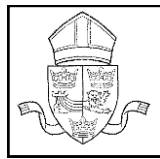




# DEBENHAM HIGH SCHOOL

A Church of England High Performing Specialist Academy



## Annual Report and Financial Statements

Period ended 31<sup>st</sup> August 2012

Company Registration Number: 07467445  
England and Wales

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## Reference and Administrative Details

The Members of the Academy comprise the signatories to the Memorandum of the Articles of Association, a Foundation member appointed by the Diocesan Board of Education and the Chair of Governors.

The following served as Members for the whole period covered by this report: -

- The Rt Rev'd Nigel Stock, Bishop of St Edmundsbury & Ipswich  
(Appointed by the Diocesan Board of Education)
- Mr Richard Boulter  
(Chair of Governors)
- Mrs Janet Brown
- Mr Robert Grimsey
- \*Mr Neil Serjeant

Mr Neil Serjeant is the Responsible Officer.

Their appointment dates from the inception of the company on the 13<sup>th</sup> December 2010.

### Governors (Trustees/Directors)

*Mr Richard Boulter	(Chairman -Foundation Governor)
Mrs Kate Blount	(Parent Governor- Resigned 14 May 2012)
*Mr David Carruthers	(Vice-Chairman - Foundation Governor)
Rev Patrick Cotton	(Foundation Governor – ex -officio)
Ven John Cox	(Foundation Governor- Resigned 31 August 2012)
Mr Paul Debenham`	(Local authority Governor)
Mr J Eddy	(Parent Governor – Resigned Sept 2011)
Dr David Egan	(Co-opted by Governors)
Mr Chris Gilgan	(Parent Governor)
*Ms Siobhan Goodrich	(Parent Governor)
*Mrs Fiona Hotston Moore	(Co-opted Governor- Appointed 27 November 2011)
Mrs Sheila Janson	(Co-opted by Members – Sept 2012)
Dr Hilary Marlow	(Co-opted by Members)
Mr David McMillan	(Staff Governor-Teacher)
*Mr David Ralph	(Parent Governor)
Mrs Esme Sibley	(Co-opted by Members- Resigned 31 August 2012)
*Mr Robert Stevenson	(Parent Governor – Elected 23 November 2011)
Mrs Lesley Wilson	(Staff Governor-Support staff)
Mr David Yaroslaw	(Staff Governor-Teacher)
*Mr Michael Crawshaw	(Headteacher – Accounting Officer-Retired 30 April 2012)
*Miss Julia Upton	(Headteacher – Accounting Officer- Appointed 16 April 2012)

\*Members of the Finance and General Purposes Committee.

Senior Leadership Team (SLT):

Mr David Clear	Deputy Headteacher- (Retired 17 February 2012)
Mr Simon Martin	Deputy Headteacher
Miss Susan McBurney	Assistant Headteacher
Mrs Louise Ramsey	Assistant Headteacher
Mrs Tracy Darby	Business Manager

Registered Office:

Debenham High School  
Gracechurch Street  
Debenham  
Suffolk  
IP14 6BL

Company registration number: 07467445 (England and Wales)

## Officers and Advisers

**Banker:** Lloyds TSB Commercial  
16 Gentleman's Walk  
Norwich  
Norfolk  
NR2 1LZ

**Auditors:** Larking Gowen  
Chartered Accountants  
Unit 1  
Claydon Business Park  
Great Blakenham  
Ipswich  
IP6 0NL

**HR/Payroll  
Finance** Customer Service Direct  
Constantine House  
5 Constantine Road  
Ipswich  
IP1 2DH



The membership of the various committee/working parties is shown below

### Membership of Committees/Working Parties

	Governor	Admissions Committee	Appeals Committee	Finance and General Purposes Committee	Hearings and Discipline Committee	Health & Safety Committee	Curriculum Working Party	School Development Working Party
Headteacher	Mr M Crawshaw/Miss J Upton	*		*	*		*	*
Nominated by Diocesan Board of Education	Mr R Boulter	*		*	*		*	*
	Mr D Carruthers		*	*			*	*
	The Ven J Cox	*	*				*	*
	Mr P Cotton	*			*		*	
Parent Governors	Mr C Gilgan	*			*	*	*	
	Mr D Ralph			*	*		*	*
	Mrs K Blount/Vacancy	*			*	*	*	
	Mr J Eddy/Mr R Stevenson		*	*		*	*	
	Mrs S Goodrich			*			*	
Local Authority	Mr P Debenham	*	*			*	*	
Staff	Mrs L Wilson						*	*
	Mr D Yaroslaw				*		*	*
	Mr D McMillan					*	*	
Co-opted	Dr H Marlow				*	*	*	
	Mrs E Sibley	*			*		*	*
	Dr D Egan					*	*	
	Mrs F Hotston Moore			*			*	

## Constitution

Debenham High School is a company limited by guarantee and an exempt charity. Debenham High School was established as an Academy on January 1<sup>st</sup> 2011, converting from Debenham Church of England Voluntary Controlled High School under the Academies Act 2010. The company's Memorandum and Articles of Association (13<sup>th</sup> December 2010) are the primary governing documents of the Academy. The Governors act as the trustees for the charitable activities of Debenham High School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Debenham High School.

Details of the governors who served throughout the year are included in the Reference and Administrative Details on page 3.

As a Church of England Academy the school has strong links with the diocese of St Edmundsbury and Ipswich. This relationship spans the whole history of the school since 1964 when it opened as a Voluntary Controlled Church of England school. The Christian ethos of the school is embedded in the governing documentation of the academy.

## Members' Liability

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

## **Governors' Indemnities**

The academy has obtained indemnity insurance to cover the liability of Members and Governors in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy. Insurer: Zurich Municipal; Limit of Indemnity: £1,000,000.

## **Principal Activities**

The Academy's object is stated in its Memorandum & Articles of Association as, "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 with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship and in having regards to the advice of the Diocesan Board of Education."

## **Recruitment and Appointment or Election of Governors and Members**

### **Members**

The members of the Academy are:

- the signatories to the memorandum of the Articles of Association;
- Foundation members, comprising one person who may be appointed by the Diocesan Board of Education;
- an additional person appointed by the Diocesan Board of Education provided that the total number of foundation members would not exceed 25% of the total number of members;
- one person appointed by the Secretary of State in the event the Secretary of State appoints a person for this purpose;
- the Chair of Governors, and
- additional members may be appointed if members agree unanimously in writing and obtain written consent from the Diocesan Board of Education.

Additional Members are appointed by Members and serve for 5 years (with the exception of the Chair of Governors who serves ex officio). In order to avoid the term of office of all Members ending at the same time the Members agreed initial terms of office as follows:

Mrs Janet Brown: 31<sup>st</sup> December 2018  
 Mr Robert Grimsey: 31<sup>st</sup> December 2017  
 Mr Neil Serjeant: 31<sup>st</sup> December 2016

### **Governors**

The number of Governors shall not be less than three nor more than 18 except of appointments of any additional Governors made by the Secretary of State. The Academy shall have the following Governors:

- Two Governors appointed by Members
- Four Foundation Governors appointed (Rector Of Debenham and Helmingham Benefice Ex Officio Governors). Members may appoint further Foundation Governors provided the total number of Foundation Governors does not exceed 25% of the total number of Governors.

- One Local Authority Governor
- Three Staff Governors (The number of Staff Governors should not exceed 25% of the total number of Governors).
- Five Parent Governors elected by parents of registered pupils
- Two Co-opted Governors appointed by existing non co-opted Governors
- The Headteacher

## **Policies and Procedures Adopted for the Induction and Training of Governors**

All Governors and Members give a written undertaking to uphold the object of the Academy.

All Governors receive a welcome pack and a personal briefing. Documents relating to contemporary developments are circulated, when available, to Governors together with the handbook for training and support offered by the LA. Governors are offered and encouraged to take part in training which is arranged to suit individual as well as group requirements.

All Members and Governors give of their time freely and no remuneration connected to their role as governors was paid in the period. (Staff Governors receive remuneration in relation to their employment as members of staff). No expenses were claimed during the period.

## **Organisational Structure**

The Governors delegate the day-to-day running of the school to the Headteacher and Senior Leadership Team. The Governors are responsible for setting general policy, approving the annual budget, monitoring the use of funding, budgets and making decisions about the direction of the academy, capital expenditure, senior staff appointments, and holding the Headteacher and the Senior Leadership Team to account for the performance of the school against agreed targets.

## **Risk Management**

The school has a comprehensive Risk Management Plan which identifies the main risks to the school and the methods and strategies employed to mitigate those risks. The Governors review the plan and the controls in place on a regular basis. Our Risk Management Plan categorises risk into the following categories: Compliance; Operational; Financial; Strategic and Reputational.

## **Connected Organisations, including Related Party Relationships**

As a Church of England Academy the school has strong links with the diocese of St Edmundsbury and Ipswich. The Chairman of Academy members group, Rt Rev Nigel Stock, is the Diocesan Bishop. The school has strong links with St Mary's Church in Debenham, using the church for a number of school events throughout the year. The vicar, along with those who work in other local churches, regularly delivers assemblies and supports the development of a Christian ethos within the school.

The academy has a mutually beneficial arrangement for sharing sporting facilities with Debenham Leisure Centre. This ensures the wider community has access to a flood lit, multi-purpose, games area, tennis courts and sports field owned by the academy and pupils have access to an indoor sports centre, gym and games area at the adjacent Leisure Centre.

The academy is the apex of a pyramid of six primary schools where there is a mutual interest in ensuring the best education and outcomes for all our young people. Regular curriculum meetings are arranged with Pyramid Heads and subject leaders, these and other meetings ensure a smooth transition for the next intake into Debenham High School. For delivery of vocational pathways the academy works in partnership with local Further Education providers.



## Objectives and Activities

### Objects and Aims

The mission of the academy is :-

**“To provide a top quality education for pupils of all abilities in a caring, challenging, supportive and attractive environment in which all members of the community are valued and where Christian moral values are encouraged”.**

The Academy aims : -

- To provide a happy and caring environment in which to learn and work where each member of the school community is personally valued and where pupils are able to develop self-respect and self-control.
- To challenge all pupils to the full realisation of their talents and potential.
- To enable pupils, through a demanding, broad and balanced curriculum, to achieve as high a level of success as possible in public examinations.
- To help pupils acquire attitudes and skills relevant to their adult and working life especially those related to independent thinking, and be able to adapt confidently to a changing society.
- To develop physical and social skills, an aesthetic appreciation and an understanding of health, hygiene and environmental issues.
- To encourage moral and Christian values consistent with a Church of England school.
- To engender respect for and tolerance of others - regardless of differences of race, disability, sexuality, gender, culture or religion.
- To encourage pupils to work together and participate fully in the life of the school and the wider community.
- To help develop an understanding of the world in which we live, the interdependence of individuals, groups and nations and an appreciation of human achievement and aspirations.
- To ensure all staff have access to high quality training and development opportunities.

### Objectives, Strategies and Activities

- The Academy provides tuition and learning opportunities for students to fulfil their academic potential.
- The Academy provides opportunities for students to develop the wider skills needed to fulfil the potential of the whole child.
- The Academy runs a review process to monitor standards of teaching and learning, each faculty is reviewed annually, as well as a results review process run by SLT.
- The Academy regularly seeks the views of all stakeholders and as such amends practice where appropriate.
- A wide variety of lunchtime and after school clubs is available and well attended to allow students to pursue individual needs and interests.
- The school utilises local leisure facilities to improve the offer to students as well as investing in two multi use games areas to allow year round use of school facilities.
- An Information, Advice and Guidance service is open to all students to seek advice and guidance on how best to progress, both academically and personally. Students are also given teaching in key areas of their economic futures and personal well being
- An Academy service offers access to counselling and medical advice through services bought in.

- Training opportunities are offered both in school and using external agencies for the continual professional development of staff.
- The Academy runs a series of transition days and events to aid the movement from KS2 to the Academy.
- The Academy works with other schools to help both our students and those at other educational establishments. The Academy is an active participant in the Pyramid of local schools working together to aid cohesion for students progressing from each Key Stage.
- The School Development Plan focuses on raising achievement for all, this links to performance management and departmental action plans.
- The Academy will continue to offer training placements to those wishing to progress in a teaching career.

## **Public Benefit**

The Governors recognise their charitable responsibilities for the advancement of education as described in the Charity Commission's Statement of Recommended Practice. They have also considered public benefit guidance issued by the Charity Commission. The Governors have recorded in this report the activities carried out by the school in furtherance of the charitable purposes for the public benefit.

## **Achievements and Performance**

The Academy had 622 pupils in January 2012 and in Sept 2012 has 633 students on roll. The school is oversubscribed in Year 9, 10 and 11 and slightly under PAN in Year 7 and 8 only. This is due to a dip in local demographic in these two year groups. On 31 September 2012 these two year groups are 122 and 121 respectively (125 was the PAN set by the local authority prior to conversion).

The Academy received its second set of examination results in August 2012, results were good with 89% of students achieving 5 A\*-C grades and 70% 5 A\*-C including English and Mathematics. 29% of students achieved the English Baccalaureate (C grades or higher in Maths, English, Science, a Language and Geography/History). 37% of grades were A or A\*.

The school monitors performance of pupils by a continuous evaluation of achievements against expectations using nationally published data and the knowledge the teachers have about individual pupils and their capabilities. Faculty reviews not only evaluate past performance but use data to plan for the future. The school recognises the diverse way pupils learn and develop and takes steps to ensure pupils achieve their potential. Students' backgrounds and needs are considered when looking at progress and teachers are aware of and plan for students with different needs. This includes groups recognised by OFSTED as underperforming nationally (SEN, FSM, LAC, Forces Children).

The academy is a Science Specialist and Applied Learning Specialist school, offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England. Its high academic performance has led it to start consultation on the establishment of a 6th form in preparation for when funds become available. Funding has been actively explored and a Sixth Form is still part of the long term aim of the Academy but at present funding routes for this seem limited.

## **Land and Buildings**

The Academy has been fortunate to receive two capital maintenance grants in the last two years. In 2011-12 this funded the building of a new science lab and classroom and an extension to the dining room. In

2012-13 the grant was focused on Health and Safety and allowed for the fitting of new fire doors, a new fire alarm panel, kitchen electrical board, new windows and fascia in a large proportion of the building.

In 2011 The Local Authority has transferred the land to the academy under a 125 year lease. The academy recognises the need for more land if its expansion is to be supported and therefore is in the process of acquiring land that is becoming available at the bottom of its playing field.

## **Pupils & Discipline**

Discipline continues to be good and is a recognised strength of the school. In the academic year 2011-12 the attendance rate was 95.5%. This exceeded our target of 95%. We work with the EWO, parents/carers and other external agencies to improve the attendance of a few pupils who struggle to attend school. The Academy has a policy of three external exclusions leading to a permanent exclusion and through this a number of students on two exclusions have successfully improved their behaviour and made good progress in school. After two external exclusions students and their parents/carers are invited to meet with governors to consider their future at the school. The school has an internal isolation room that it uses for more minor infringements of the school rules. One permanent exclusion has been made through this period.

## **Improvement & Development Plan**

In order to focus on continual improvement the school has adopted a School Development Plan which will focus on 4 areas. These are:

- Improve Student Achievement (through a focus on high attainment, inclusion and literacy)
- Staff Training and Development
- Develop Facilities and Environment that enhances teaching and learning
- Develop our Community and Partnership support.

## **Going Concern**

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

## **Key Financial Performance Indicators**

The budget is set to ensure that the objectives of the School Development Plan, as well as the overarching objectives of the academy, can be met. The financial performance of the school is judged on its ability to deliver in this regard.

The Governors consider that a ratio of approximately 80% total staff costs as a percentage of total costs is acceptable given that we do not contract out either cleaning or catering in school. We are a school that has low staff turnover with many experienced staff at the top of their respective pay scales. The level of staff required to deliver the top quality education the school prides itself on is reviewed regularly in light of projected pupil numbers and likely income levels. The ratio of pupil to teachers is 15.4 for the year 2011-12. This allows the school to maintain small class sizes and focus on ensuring maximum individual pupil achievement.

## **Financial Review**

The school roll increased from 612 in January 2011 to 622 in January 2012. Most of the academy's income is obtained from the YPLA, now EFA, in the form of recurrent grants based on pupil numbers, the use of

some of which is restricted to a particular purpose. The restricted grants received from the EFA during the year ended the 31<sup>st</sup> August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives a small annual grant for building maintenance from the EFA and has benefitted from additional grant funding as the result of a bidding process for capital projects. This has enabled the school to complete an expansion of multipurpose office space, an expansion of the dining room, a new Science Laboratory and a classroom completed during 2011/12. In 2012 a further capital maintenance grant bid was successful and has enabled the school to embark on a programme of repairs and renewals connected with the condition and health and safety focus of the capital maintenance grant programme.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31<sup>st</sup> August 2012 total expenditure of £3,265,429 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £212,708. After transfers to fixed assets this is £81,824 and combined with the brought forward 10-11 of £181,784 is broadly in line with the ideal level of planned reserves as detailed in the Reserves Policy. It is anticipated that up to £57,000 of this will be transferred to fixed assets during 2012/13 financial year as part of the school building development and maintenance plan. £131,884 was transferred to fixed assets from revenue during 2011/12.

At 31<sup>st</sup> August 2012 the net book value of fixed assets was £5,692,213. Movement in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

## **Financial and Risk Management Objectives and Policies**

The financial risks and uncertainties facing Debenham High School are largely limited to fluctuations in pupil numbers and the resulting impact in income from Government. The school performance and reputation are key areas instrumental to the current and future financial well being of the school.

The day to day impact of cash flow on the bank balance and the school's level of creditors is monitored on a weekly and monthly basis. The level of debtors is minimal.

The academy is obliged to reflect, as a contingent liability, the actuarial deficit of the existing defined benefit pension obligations for staff in the Local Government Pension Scheme. The actuary calculated the fund attributable to Debenham to be a deficit of £228,000.

The Governors are aware that the Local Government Pension Scheme Pension Fund is in deficit. In line with the risk management plan the Governors consider the annual Actuary Report and as part of prudent financial management ensure future staff costs are assessed in the light of the likely need to increase future employer's contributions.

## **Reserves Policy**

### **Reasons for Reserves**

It is the aim of the Governors of the school to show a level of prudence and good financial planning to cover the unexpected and unplanned so that the academy's primary object is preserved under unforeseen circumstances.

### **Risk Assessment**

The risk for Debenham High School can be summarised as a risk to future income due to Government funding changes and falling pupil roll or delays in receipt of grant funding.

Other risks include extreme emergencies such as urgent maintenance issues and early teacher retirement due to ill health pension liabilities or redundancies due to drop in income and falling pupil numbers.

The opinion is that the above constitutes medium risk and a level of reserves is required given the uncertain level of future government funding.

### **Reserves Policy**

For the reasons outlined above, the Governors feel it prudent to accumulate a free reserve of approximately £200,000. This is roughly equivalent to one month payroll cost at the current time.

The level of retention and the risk assessment which helps justify this policy will be reviewed on an annual basis in the spring term.

### **Plans for Future Periods**

The Governors will continue to pursue the aims and objects of the school according to the prevailing circumstances. The aims and objects may be modified if circumstances dictate.

Governors will continue to focus on:

- Developing educational facilities at the school within the constraints of current and predicted funding levels
- Developing links not only with the local community but by supporting the wider education community in this area of Suffolk
- Developing and offering ICT management and development services to our feeder primary schools.
- The school also plans to expand to incorporate a Sixth Form. This is under consideration by Government and is dependent upon funding
- Seeking ways to develop the academic achievements of the school by a continuous drive for improvement.

This is underpinned by the school Improvement & Development Plan.

### **Auditor**

Insofar as the governors are aware:

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

Approved by order of the Governors of the Academy on and signed on its behalf by:

**Signed**

**Richard Boulter**

Member and Chair of Governors

## Governance Statement

### Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 Debenham High School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The 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 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor		04-Oct-11	29-Nov-11	26-Jan-12	19-Jun-12	Meetings attended	Out of a possible
Mr Richard Boulter	Chairman	Y	Y	Y	Y	4	4
Mr Michael Crawshaw	Head and Accounting Officer to 15 April 2012	Y	Y	Y		3	3
Miss Julia Upton	Head and Accounting Officer from 16 April 2012			Y	Y	2	2
Ms Kate Blount	Resigned May 2012	Y	Y	Y		3	3
Mr David Carruthers	Vice Chairman	Y	Y	Y	Y	4	4
The Revd Patrick Cotton		Y	Y	Y	Y	4	4
The Venerable John Cox	Resigned 31 <sup>st</sup> August 2012	Y	Y	Y	Y	4	4
Mr Paul Debenham		Y	Y	Y	Y	4	4
Mr Julian Eddy	Resigned 16 September 2011					0	0
Dr David Egan		Y	Y	Y	Y	4	4
Mr Chris Gilgan		Y	Y	Y	Y	4	4
Ms Siobhan Goodrich				Y	Y	2	4
Mrs Fiona Hotston Moore	Appointed 29 November 2011			Y	Y	2	2
Dr Hilary Marlow			Y	Y	Y	3	4
Mr David McMillan	Staff Governor		Y		Y	2	4
Mr David Ralph				Y	Y	2	4
Mrs Esme Sibley	Resigned 31 <sup>st</sup> August 2012	Y	Y	Y		3	4
Mr Rob Stevenson	Appointed 25 November 2011		Y	Y	Y	3	3
Mrs Lesley Wilson	Staff Governor	Y	Y		Y	3	4
Mr David Yaroslaw	Staff Governor	Y	Y	Y	Y	4	4
Mr Neil Serjeant	Member and Responsible Officer (RO)			Y		1	4

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to scrutinise the school's finances and have financial oversight of the financial management

of the school. During the year Fiona Hotston Moore, who is a qualified accountant, joined the committee along with Robert Stevenson who is an Insurance Claim Consultant. Mr Julian Eddy left the governing body and the Finance and General Purposes Committee due to increasing work commitments. Attendance at meetings in the year was as follows:

Governor		16 Sept 11	17 Oct 11	13 Jan 12	25 May 12	Meetings attended	Out of a possible
Mr Richard Boulter	Chairman		Y	Y	Y	3	4
Mr Michael Crawshaw	Head and Accounting Officer to 15 April 2012	Y	Y	Y		3	3
Miss Julia Upton	Head and Accounting Officer from 16 April 2012				Y	1	1
Mr David Carruthers	Vice Chairman	Y	Y	Y	Y	4	4
Mr Julian Eddy	Resigned 16 September 2011	Y				1	1
Ms Siobhan Goodrich		Y		Y		2	4
Mrs Fiona Hotston Moore	Appointed 29 November 2011			Y	Y	2	2
Mr David Ralph				Y	Y	2	4
Mr Rob Stevenson	Appointed 25 November 2011			Y	Y	2	2
Mr Neil Serjeant (Member)	Member and Responsible Officer (RO)	Y	Y	Y	Y	4	4

## 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 on-going 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 at Debenham High School for the year 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 academy is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been put in place by the year ending 31 August 2012 and up to the date at the time of the approval of the annual report and financial statements. The school uses a comprehensive Risk Management Plan which identifies the main risks to the school and the methods and strategies employed to mitigate those risks. The Finance and General Purposes Committee review the plan and the controls in place regularly during committee meetings.

## 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 Mr Neil Serjeant, a Member and Chartered Management Accountant, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The school has also bought in an external RO Service from Customer Service Direct to support and report to Mr Serjeant. The RO reports to the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The report generated by CSD is presented to the FGP Committee and is reported to the Full Governing Body.

In the year under review only minor points have been raised and the controls in place were considered "outstanding".

### **Review of Effectiveness**

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

- the work of the Responsible Officer and the Responsible Officer Service;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the School Business Manager and Bursar who have the responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Governors of the Academy on

and signed on its behalf by:

**Signed**

**Signed**

**Mr Richard Boulter**  
Member and Chair of Governors

**Miss Julia Upton**  
Accounting Officer



## **Statement on Regularity, Propriety and Compliance**

As accounting officer of Debenham High School I have considered my responsibility to notify the academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with the EFA terms and conditions of funding, under the funding agreement in place between the academy 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 governing body are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy'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.

Signed

Miss Julia Upton  
**Accounting Officer**

## Statement of Governors' Responsibilities

The governors, (who act as trustees for charitable activities of Debenham High School and are also the directors of the Charitable Company for the purposes of company law), are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts 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 year. Under company law the governors must not approve the financial statements unless they are satisfied that they provide 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 to 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.

Approved by order of the governing body on 4 December 2012 and signed on its behalf by:

**Signed**

**Mr Richard Boulter**

Member and Chair of Governors of Debenham High School

## **Independent Auditor's Report to the members of Debenham High School**

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

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

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

As explained more fully in the Governors' Responsibilities Statement, the governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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](http://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 Academy Trust's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

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

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

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

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

Julie Grimmer FCA DChA, Senior Statutory Auditor  
For and on behalf of  
**Larking Gowen, Statutory Auditors**  
Ipswich

December 2012

## **Independent Reporting Accountant's Assurance Report on Regularity to Debenham High School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 8 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Debenham High School during the period 1 September 2011 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 Debenham High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Debenham High School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Debenham High School and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Debenham High School's accounting officer and the reporting accountant.**

The accounting officer is responsible, under the requirements of Debenham High School's funding agreement with the Secretary of State for Education dated 31<sup>st</sup> December 2010 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

In planning and conducting our regularity assurance work, we had due regard to other relevant professional guidance including ICAEW Technical Release TECH 08/12AAF "Regularity Reporting for Academies 2011-12: Guidance".

**Conclusion**

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

**Larking Gowen, Statutory Auditors**

Ipswich

December 2012

## Statement of Financial Activities for the period ended 31 August 2012 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2012 £	Total 2011 £
<b>Incoming resources</b>							
<b>Incoming resources from generated funds:</b>							
- Voluntary Income	3	3,239	435	-	-	<b>3,674</b>	4,951,843
- Activities for generating funds	4	61,004	-	-	-	<b>61,004</b>	41,435
Investment Income	5	1,586	-	-	-	<b>1,586</b>	(1,567)
Incoming resources from charitable activities:							
- Funding for the Academy's educational operations	6	7,884	3,119,093	-	438,598	<b>3,565,575</b>	2,241,958
- Other Income	4	157,026	-	-	-	<b>157,026</b>	103,030
<b>Total incoming resources</b>		<b>230,739</b>	<b>3,119,528</b>	<b>-</b>	<b>438,598</b>	<b>3,788,865</b>	<b>7,336,699</b>
<b>Resources expended</b>							
-Academy's educational operations	8	34,958	3,000,244	73,000	127,870	<b>3,236,072</b>	2,072,506
Governance costs	9	-	29,357	-	-	<b>29,357</b>	39,737
Total resources expended	7	34,958	3,029,601	73,000	127,870	<b>3,265,429</b>	2,112,243
<b>Net incoming/(outgoing) resources before transfers</b>		<b>195,781</b>	<b>89,927</b>	<b>(73,000)</b>	<b>310,728</b>	<b>523,436</b>	5,224,456
<b>Gross transfers between funds</b>	17	<b>(118,753)</b>	<b>(85,131)</b>	<b>72,000</b>	<b>131,884</b>	<b>-</b>	<b>-</b>
<b>Net income/(expenditure) for the year</b>		<b>77,028</b>	<b>4,796</b>	<b>(1,000)</b>	<b>442,612</b>	<b>523,436</b>	5,224,456
Other recognised gains and losses							
Actuarial gains (losses) on defined benefit pension schemes	17, 27	-	-	(82,000)	-	(82,000)	20,000
Net movement in funds		<b>77,028</b>	<b>4,796</b>	<b>(83,000)</b>	<b>442,612</b>	<b>441,436</b>	5,244,456
Reconciliation of funds							
Total funds bought 1 September 2011	17	180,428	1,356	(145,000)	5,207,672	<b>5,244,456</b>	-
<b>Funds carried forward at 31 August 2012</b>		<b>257,456</b>	<b>6,152</b>	<b>(228,000)</b>	<b>5,650,284</b>	<b>5,685,892</b>	5,244,456

All of the Academy's activities derive from continuing operations. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Balance Sheet as at 31 August 2012**

Company Registration Number: 07467445

	Notes	2012 £	2011 £
<b>Fixed Assets</b>			
Tangible assets	13	<u>5,692,213</u>	<u>5,092,265</u>
		<u>5,692,213</u>	<u>5,092,265</u>
<b>Current assets</b>			
Stock	14	6,480	8,147
Debtors	15	170,945	160,255
Cash at bank and in hand		<u>474,141</u>	<u>329,969</u>
		<u>651,566</u>	<u>498,371</u>
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year	16	<u>(387,635)</u>	<u>(201,179)</u>
<b>Net current assets (liabilities)</b>		<u>263,931</u>	<u>297,192</u>
<b>Total assets less current liabilities</b>		<u>5,956,144</u>	<u>5,389,457</u>
<b>Creditors: amounts falling due after more than one year</b>			
Long term liabilities	16	<u>(42,252)</u>	-
<b>Net assets excluding pension liability</b>		<u>5,913,892</u>	<u>5,389,457</u>
Pension scheme liability	27	<u>(228,000)</u>	<u>(145,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<u>5,685,892</u>	<u>5,244,457</u>
<b>Funds of the Academy</b>			
<b>Restricted funds</b>			
- Fixed asset fund	17	5,650,284	5,207,672
- General funds	17	6,152	1,356
- Pension reserve	17	<u>(228,000)</u>	<u>(145,000)</u>
<b>Total restricted funds</b>		<u>5,428,436</u>	<u>5,064,029</u>
<b>Unrestricted funds</b>			
- General fund	17	257,456	180,428
<b>Total unrestricted funds</b>		<u>257,456</u>	<u>180,428</u>
<b>TOTAL FUNDS</b>		<u>5,685,892</u>	<u>5,244,457</u>

The financial statements on pages 23 to 42 were approved by the Governors, and authorised for issue on 4<sup>th</sup> December 2012 and are signed on their behalf by:

**Signed****Mr Richard Boulter**

Member and Chair of Governors of Debenham High School



## Cash Flow Statement

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	21	<b>382,827</b>	318,332
Returns on investments and servicing of finance	22	<b>1,586</b>	433
Capital expenditure	23	<b>(240,240)</b>	11,204
<b>(Decrease)/Increase in cash in the period</b>	24	<b><u>144,173</u></b>	<b><u>329,969</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period		<b>144,173</b>	329,969
New loan finance		<b>(48,980)</b>	
Movement in net funds in period		<b><u>95,193</u></b>	<b><u>329,969</u></b>
Net funds at 1 September 2011		<b><u>329,969</u></b>	-
<b>Net funds at 31 August 2012</b>		<b><u>425,162</u></b>	<b><u>329,969</u></b>

## Notes to the Financial Statements for the period ended 31 August 2012

### 1. Statement of Accounting Policies

#### Basis of Preparation

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

#### Going Concern

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

#### Incoming Resources

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

- **Grants receivable**

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

All ring fenced grant expenditure is monitored to ensure it is spent according to the conditions and aims of the funding received. In particular the use of Pupil Premium is monitored and a statement showing the use and impact of this is available to all parties on the school website. Similarly Capital Maintenance Grants are spent in accordance with the grant conditions and solely for the purpose for which the grant was awarded.

- **Sponsorship income**

Sponsorship income provided to the Academy 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 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 for the period ended 31 August 2012(continued)

### 1. Statement of Accounting Policies (continued)

#### Donated Services and gifts in kind

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

#### Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

## Notes to the Financial Statements for the period ended 31 August 2012 (continued)

### 1. Statement of Accounting Policies (continued)

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

Long leasehold buildings	2% (50yrs) Straight line
Plant and machinery	20% (5yrs) Straight line with nil residual value
Fixtures, fittings and equipment	10% (10yrs) Straight line with nil residual value
ICT equipment and software	33% (3yrs) Straight line with nil residual value
Motor vehicles	20% (5yrs) Straight line with nil residual value

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments.

Impairment losses are recognised in the Statement of Financial Activities.

### Leased Assets

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

### Stock

Unsold uniform stock, catering stock and heating gasoil is valued at the lower of cost or net realisable value.

### Taxation

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

### Pensions Benefits

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

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

## Notes to the Financial Statements for the period ended 31 August 2012 (continued)

### 1. Statement of Accounting Policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate member administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### Fund Accounting

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

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

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

## Note 2

### General Annual Grant

	2012 £	2011 £
GAG allocation for current year	3,117,292	1,954,826
<b>Total GAG available to spend</b>	<b>3,117,292</b>	<b>1,954,826</b>
Recurrent expenditure from GAG	3,027,492	1,826,031
Fixed assets purchased from GAG	13,131	84,795
<b>Total GAG expenditure</b>	<b>3,040,623</b>	<b>1,910,826</b>
Transfer of pension contributions to Pension Reserve	72,000	44,000
<b>GAG carried forward to next year</b>	<b>4,669</b>	<b>0</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<b>374,075</b>	<b>234,579</b>
<b>GAG to surrender to DfE</b> (12% rule breached if result is positive)	<b>(369,406)</b>	<b>(234,579)</b>
<b>Use of GAG brought forward from previous year for recurrent purposes</b>		
Recurrent expenditure from GAG in current year	3,027,492	1,826,031
GAG allocation for current year	(3,117,292)	(1,954,826)
GAG allocation for previous year x 2%	(39,097)	-
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b>(128,897)</b>	<b>(128,795)</b>

**Note 3****Voluntary Income**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Donations - Revenue	3,239	435	<b>3,674</b>	11,763
Gifted Assets	-	-	-	4,956,416
Pension Scheme Liability	-	-	-	(156,000)
Gifted Cash Revenue opening balance	-	-	-	117,805
Gifted Cash Capital opening balance	-	-	-	21,859
	<u><b>3,239</b></u>	<u><b>435</b></u>	<u><b>3,674</b></u>	<u><b>4,951,843</b></u>

**Note 4****Activities for Generating Funds**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Hire of facilities	3,968	-	<b>3,968</b>	1,258
Items sold	30,785	-	<b>30,785</b>	14,921
Income from services provided	26,251	-	<b>26,251</b>	25,257
	<u>61,004</u>	<u>-</u>	<u><b>61,004</b></u>	<u>41,436</u>

**Other Incoming Resources**

Insurance Claims	-	-	-	10,000
Academy Trips	50,458	-	<b>50,458</b>	35,010
Catering Income	106,568	-	<b>106,568</b>	58,020
	<u>157,026</u>	<u>-</u>	<u><b>157,026</b></u>	<u>103,030</u>
	<u><b>218,030</b></u>	<u>-</u>	<u><b>218,030</b></u>	<u><b>144,466</b></u>

**Note 5****Investment Income**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Bank interest	1,586	-	<b>1,586</b>	433
Pension income	-	-	-	(2,000)
	<u><b>1,586</b></u>	<u>-</u>	<u><b>1,586</b></u>	<u><b>(1,567)</b></u>

**Note 6****Funding for Academy's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
<b>DfE/YPLA Capital Grants</b>				
DFC	-	14,328	<b>14,328</b>	24,821
Capital Maintenance Grant Year 1	-	150,250	<b>150,250</b>	150,250
Capital Maintenance Grant Year 2	-	274,020	<b>274,020</b>	-
Cashless Catering Grant	-	-	-	9,516
	<u>-</u>	<u>438,598</u>	<u><b>438,598</b></u>	<u>184,587</u>
<b>DfE/YPLA Revenue Grants</b>				
General Annual Grant	-	3,117,292	<b>3,117,292</b>	1,954,826
Start Up Grant	-	-	-	25,000
Other DfE/EFA Grants	-	1,801	<b>1,801</b>	39,958
PE/Maths Release Grant	7,600	-	<b>7,600</b>	-
	<u>7,600</u>	<u>3,119,093</u>	<u><b>3,126,693</b></u>	<u>2,019,784</u>
<b>Other Government Grants</b>				
Special Education Projects	-	-	-	37,587
World Skills Grant	284	-	<b>284</b>	-
	<u>284</u>	<u>-</u>	<u><b>284</b></u>	<u>37,587</u>
	<u><b>7,884</b></u>	<u><b>3,557,691</b></u>	<u><b>3,565,575</b></u>	<u><b>2,241,958</b></u>

**Note 7****Resources Expended**

	Non Pay Expenditure			Total 2012 £	Total 2011 £
	Staff Costs £	Premises £	Other Costs £		
Academy's educational operations					-
• Direct costs	2,081,530	114,750	229,708	<b>2,425,988</b>	1,542,881
• Allocated support costs	472,339	184,632	130,561	<b>787,532</b>	514,115
• Other expenditure	-	-	22,552	<b>22,552</b>	15,509
	<u><b>2,553,869</b></u>	<u><b>299,382</b></u>	<u><b>382,821</b></u>	<u><b>3,236,072</b></u>	<u><b>2,072,505</b></u>
Governance costs (including allocated support costs)	-	-	29,357	<b>29,357</b>	39,737
	<u><b>2,553,869</b></u>	<u><b>299,382</b></u>	<u><b>412,178</b></u>	<u><b>3,265,429</b></u>	<u><b>2,112,243</b></u>

**Incoming/outgoing resources for the year include:**

	2012 £	2011 £
Operating leases	<b>13,987</b>	<b>8,859</b>
Fees payable to auditor	<b>3,195</b>	<b>2,000</b>
	<u><b>17,182</b></u>	<u><b>10,859</b></u>

**Note 8****Charitable Activities - Academy's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
<b>Direct Costs</b>				
Teaching and educational support staff costs	-	2,081,530	<b>2,081,530</b>	1,344,520
Depreciation	-	114,750	<b>114,750</b>	59,394
Educational supplies	1,267	70,308	<b>71,575</b>	55,857
Examination fees	-	51,190	<b>51,190</b>	32,165
Staff development	-	16,422	<b>16,422</b>	1,651
Educational consultancy	-	4,489	<b>4,489</b>	13,387
Pupil transport	-	6,541	<b>6,541</b>	4,774
Special facilities	7,891	9,450	<b>17,341</b>	10,896
Agency teaching	-	1,369	<b>1,369</b>	1,193
Other direct costs	-	60,781	<b>60,781</b>	19,044
	<u>9,158</u>	<u>2,416,830</u>	<u><b>2,425,988</b></u>	<u>1,542,881</u>
<b>Allocated Support Costs</b>				
Support staff costs	-	472,339	<b>472,339</b>	306,028
Pupil recruitment and support	-	6,639	<b>6,639</b>	-
Maintenance of premises and equipment	9,713	66,762	<b>76,475</b>	67,338
Cleaning	-	1,857	<b>1,857</b>	1,052
Rent, rates and water	-	38,614	<b>38,614</b>	24,598
Insurance	-	28,023	<b>28,023</b>	17,806
Travel and subsistence	11	3,762	<b>3,773</b>	1,578
Catering	-	47,501	<b>47,501</b>	31,848
Heat and light	-	31,782	<b>31,782</b>	22,779
Technology	-	66,126	<b>66,126</b>	39,595
Supplies, printing and telephone	941	-	<b>941</b>	1,492
Depreciation	-	13,120	<b>13,120</b>	-
Other support costs	-	342	<b>342</b>	-
	<u>10,665</u>	<u>776,867</u>	<u><b>787,532</b></u>	<u>514,115</u>
<b>Other Expenditure</b>				
Equipment for feeder primary schools	-	1,967	<b>1,967</b>	-
Other Non GAG Expenditure	15,135	5,450	<b>20,585</b>	15,509
	<u>15,135</u>	<u>7,417</u>	<u><b>22,552</b></u>	<u>15,509</u>
	<u><b>34,958</b></u>	<u><b>3,201,114</b></u>	<u><b>3,236,072</b></u>	<u><b>2,072,505</b></u>

**Note 9****Governance Costs**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Legal and professional fees	-	26,162	<b>26,162</b>	37,737
Auditors remuneration - audit of financial statements	-	3,195	<b>3,195</b>	2,000
Governors reimbursed expenses	-	-	-	-
	<u>-</u>	<u><b>29,357</b></u>	<u><b>29,357</b></u>	<u><b>39,737</b></u>



## Note 10

### Staff Costs

	2012 £	2011 £
Direct staff costs during the period were:		
Wages and salaries	2,118,716	1,357,436
Social security costs	148,242	93,406
Other pension costs	275,085	189,124
	<u>2,542,043</u>	<u>1,639,966</u>
of which supply teacher costs	5,791	4,483
Indirect employee expenses	11,826	10,583
	<u>2,553,869</u>	<u>1,650,549</u>

The average number of persons (Including senior management team) employed by the academy during the year expressed as full time equivalent was as follows:

	2012 No (FTE)	2011 No (FTE)
<b>Charitable Activities</b>		
Teachers	36	36
Administration and support	34	32
Management	5	6
	<u>75</u>	<u>74</u>

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

	2012 No	2011 No
£70,001 - £80,000	<u>-</u>	<u>1</u>

Due to the retirement of Mr Mike Crawshaw (Headteacher) at the end of April 2012 and the recruitment of Miss Julia Upton (Headteacher) from mid April 2012 neither one employee actually earned a salary over £60,000. The above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2012, pension contributions for these staff amounted to £11,523 (2011 £7,544).

## Note 11

### Governors Remuneration and Expenses

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of the Headteacher 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. No expenses to Governors were paid. The value of the Governors' remuneration was as follows:

Mr M Crawshaw, Headteacher (retired April 2012)	£53,496	(2011: £53,496)
Miss J Upton, Headteacher (From April 2012)	£26,622	
Mr D Yaroslaw, Staff Governor	Between £40k-£45k	(2011: Between £40-£45k)
Mr D Macmillan, Staff Governor	Between £35-£40k	(2011: Between £35-£40k)
Mrs L Wilson, Staff Governor	Between £15-£20k	(2011: Between £15-£20k)

## Note 12

### Governors' and Officers Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2012 was £630 (2011-£630)

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

## Note 13

### Tangible Fixed Assets

	Leasehold Land and Buildings	Plant and Machinery	Furniture and Equipment	Computer Equipment and Software	2012 Total
	£	£	£	£	£
<b>Cost</b>					
<b>At 1st September 2011</b>	5,046,720	-	34,117	70,821	<b>5,151,658</b>
Additions	598,437	8,000	110,677	10,704	<b>727,818</b>
Disposals	-	-	-	-	-
<b>At 31 August 2012</b>	<b>5,645,157</b>	<b>8,000</b>	<b>144,794</b>	<b>81,525</b>	<b>5,879,475</b>
<b>Depreciation</b>					
<b>At 1st September 2011</b>	52,966	-	514	5,914	<b>59,394</b>
Charged in year	96,444	-	6,425	25,000	<b>127,868</b>
Disposals	-	-	-	-	-
<b>At 31 August 2012</b>	<b>149,410</b>	-	<b>6,939</b>	<b>30,914</b>	<b>187,262</b>
<b>Net Book Values</b>					
At 31 August 2012	<b>5,495,747</b>	<b>8,000</b>	<b>137,855</b>	<b>50,612</b>	<b>5,692,213</b>
At 31 August 2011	4,993,754	-	33,603	64,908	5,092,265

## Note 14

### Stock

	2012 £	2011 £
Uniform	1,607	8,147
Catering provisions	2,514	-
Oil	2,359	-
	<b>6,480</b>	<b>8,147</b>

## Note 15

### Debtors

	2012 £	2011 £
Prepayments	33,742	24,764
Other debtors	860	73,704
VAT debtor	136,343	61,786
	<u>170,945</u>	<u>160,254</u>

## Note 16

### Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	241,162	140,283
Other creditors	2,991	34,710
Accruals and deferred income	136,754	26,186
Loan accounts	6,728	-
	<u>387,635</u>	<u>201,179</u>

### Deferred Income (included within the above)

	2012 £	2011 £
Deferred income as at 31 August 2012	23,257	5,853

Deferred income relates to parental advance contributions to educational visits, school meals and subject sales

### Creditors: amounts falling due after more than one year

	2012 £	2011 £
Loan falling due between two and five years	26,910	-
Loan falling due after five years	15,342	-
	<u>42,252</u>	<u>-</u>

The school took advantage of a lighting replacement scheme offered by the Local Authority during 2011-12. This took the form of the Local Authority replacing obsolete, costly to run, lights with efficient, effective modern 'eco' lighting in a significant proportion of the school. The school has entered into an agreement to pay back the Local Authority during the next seven years with the amount to repay broadly equivalent to the cost saving in electricity. This arrangement has the approval of the Secretary of State.

**Note 17****Funds**

	Balance as at 31 August 2011 £	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains / Losses £	Balance as at 31 August 2012 £
<b>Restricted general funds</b>						
General Annual Grant	-	3,117,292	(3,027,492)	(85,131)	-	4,669
Other DfE/EFA grants	1,331	3,602	(1,923)	-	-	3,010
Other restricted funds	25	(1,366)	(185)	-	-	(1,526)
	<b>1,356</b>	<b>3,119,528</b>	<b>(3,029,600)</b>	<b>(85,131)</b>	-	<b>6,153</b>
<b>Restricted pension fund</b>						
Pension reserve	(145,000)	-	(73,000)	72,000	(82,000)	(228,000)
	<b>(145,000)</b>	-	<b>(73,000)</b>	<b>72,000</b>	<b>(82,000)</b>	<b>(228,000)</b>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	184,587	438,598	(4,149)	-	-	619,036
Capital expenditure from GAG	81,492	-	(25,933)	13,131	-	68,690
Capital expenditure from other funds	4,941,594	-	(97,788)	118,753	-	4,962,559
	<b>5,207,672</b>	<b>438,598</b>	<b>(127,870)</b>	<b>131,884</b>	-	<b>5,650,284</b>
<b>Total restricted funds</b>						
	<b>5,064,029</b>	<b>3,558,126</b>	<b>(3,230,470)</b>	<b>118,753</b>	<b>(82,000)</b>	<b>5,428,438</b>
<b>Unrestricted funds</b>						
Unrestricted fund	180,428	230,739	(34,958)	(118,753)	-	257,456
	<b>180,428</b>	<b>230,739</b>	<b>(34,958)</b>	<b>(118,753)</b>	-	<b>257,456</b>
<b>Total funds</b>						
	<b>5,244,457</b>	<b>3,788,865</b>	<b>(3,265,428)</b>	-	<b>(82,000)</b>	<b>5,685,894</b>

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

The General Annual Grant is used for the normal running costs of the Academy and does include Pupil premium which this year amounted to £16,818. Details of the use and impact of this grant are reported, as expected by OFSTED, on the school website.

Other DfE / EFA grants comprised £1801 which has been expended on staff costs plus some designated deprivation funding for "Activities for All". Of the surplus year-end balance shown, £1,209 relates to "Activities for All" funding which has been received in advance.

Other restricted funds include donations of £435, which comprises £50 for the up keep of the memorial garden and £385 for school prizes.

DfE/EFA capital grants of £424,270 (Capital Maintenance Fund), £14,328 (Devolved Formula Capital Grant) totalling £438,598 have been received. The Capital Maintenance Grant has allowed the completion of an extension to the dining room and the construction of a new science laboratory and classroom. Further funding financed improvements to the infrastructure of the building in line with the EFA Health and Safety and Condition focus of the grant funding.

£131,884 was transferred to fixed assets during the period, made up of £13,131 from GAG and £118,753 from unrestricted funds. The £72,000 employer's pension contribution was also financed by GAG.

## Note 18

### Analysis of net assets between funds

Fund balances at 31st August 2012 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2012 £
Tangible fixed assets	-	-	5,692,213	5,692,213
Current assets	293,777	41,555	316,234	651,566
Current liabilities	(36,321)	(35,403)	(315,911)	(387,635)
Non current liabilities	-	-	(42,252)	(42,252)
Pension scheme liability		(228,000)		(228,000)
<b>Total net assets</b>	<b>257,456</b>	<b>(221,848)</b>	<b>5,650,284</b>	<b>5,685,892</b>

## Note 19

### Capital commitments

	2012 £	2011 £
Contracted for, but not provided in the financial statements		
Capital Projects	7,370	12,984
	<b>7,370</b>	<b>12,984</b>

## Note 20

### Financial commitments

#### Operating leases

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

	2012 £	2011 £
<b>Other</b>		
Expiring within one year	10,226	760
Expiring within two and five years inclusive	3,758	14,113
	<b>13,984</b>	<b>14,873</b>

## Note 21

### Reconciliation of net income to net cash inflow

	2012 £	2011 £
Net Income	523,436	5,224,456
Pension scheme deficit transferred in (year 1 only)	-	156,000
Depreciation	127,870	59,394
Capital grants from DfE and other capital income	(438,598)	(5,162,862)
Interest receivable	(1,586)	(433)
FRS17 pension cost less contributions payable	(4,000)	7,000
FRS17 pension finance income	5,000	2,000
(Increase)/decrease in stocks	1,667	(8,147)
(Increase)/decrease in debtors	(10,690)	(160,255)
(Increase)/decrease in creditors	179,728	201,179
<b>Net cash inflow from operating activities</b>	<b>382,827</b>	<b>318,332</b>

**Note 22****Returns on investment and servicing of finance**

	2012 £	2011 £
Interest received	1,586	433
	<u>1,586</u>	<u>433</u>

**Note 23****Capital expenditure and financial investment**

	2012 £	2011 £
Purchase of tangible fixed assets	(678,838)	(5,151,658)
Capital grants from DfE/YPLA	438,598	184,587
Capital donations	-	4,978,275
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u><b>(240,240)</b></u>	<u><b>11,203</b></u>

**Note 24**

<b>Analysis of changes in net fund</b>	At 31 August 2011	Cashflows	Other non-cash changes	At 31 August 2012
	£			£
Cash in hand and at bank	329,969	144,173		474,142
Debt due within one year			(6,728)	(6,728)
Debt due more than one year			(42,252)	(42,252)
	<u>329,969</u>	<u>144,173</u>	<u>(48,980)</u>	<u>425,162</u>

**Note 25**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**Note 26**

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

## Note 27

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 Suffolk County Council. Both are defined-benefit schemes.

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

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

### Teachers' Pension Scheme

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

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

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

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

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

### Local Government Pension Scheme

The 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 2012 was £97,000, of which employer's contributions totalled £72,000 and employees' contributions totalled £25,000. The agreed contribution rates for future years are 16.8% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,500	5.50%
£13,501 – £15,800	5.80%
£15,801 - £20,400	5.90%
£20,401 - £34,000	6.50%
£34,001 - £45,500	6.80%
£45,501 - £85,300	7.20%
Above £85,300	7.50%

### Principal Actuarial Assumptions

	31-Aug-12 % p.a.
Pension increase rate	2.20%
Salary increase rate	4.50%
Expected return on assets	4.50%
Discount rate	4.10%

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

	Males	Females
Current Pensioners	21.4 years	23.3 years
Future Pensioners	23.7 years	25.7 years

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	Value at 31 August 2012 £	Expected return at 31 August 2011	Value at 31 August 2011 £
Equities	5.50%	379,000	6.80%	324,000
Bonds	2.80%	189,000	4.60%	110,000
Property	3.70%	65,000	4.80%	52,000
Cash	2.80%	20,000	3.90%	37,000
<b>Total market value of assets</b>		<b>653,000</b>		<b>523,000</b>
<b>Present value of scheme liabilities</b>				
- Funded		(881,000)		(668,000)
<b>Deficit in the scheme</b>		<b>(228,000)</b>		<b>(145,000)</b>

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The return on the Fund in market value terms for the period to 31 August 2012 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

The actual return on the scheme assets for the period from 1 July 2011 to 30 June 2012 was (0.8%)

The estimated return for the period from 1 September 2012 to 31 August 2013 is 5.8%.

#### Amounts recognised in the statement of financial activities

	2012 £	2011 £
<b>Analysis of pension costs</b>		
Current service cost	68,000	51,000
Past service cost (gain)	-	-
<b>Total operating charge</b>	<b>68,000</b>	<b>51,000</b>

	2012 £	2011 £
<b>Analysis of pension finance income/(costs)</b>		
Interest cost	(39,000)	(24,000)
Expected return on pension scheme	34,000	22,000
<b>Pension finance income/(costs)</b>	<b>(5,000)</b>	<b>(2,000)</b>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £62,000 loss.

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

	2012 £	2011 £
Transfer in of scheme obligations	668,000	635,000
Current service cost	68,000	51,000
Interest cost	39,000	24,000
Contributions by scheme participants	25,000	17,000
Actuarial (losses)/gains	81,000	(59,000)
<b>Scheme liabilities at 31 August</b>	<b>881,000</b>	<b>668,000</b>

**Movements in the fair value of Academy's share of scheme assets:**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Transfer in of scheme assets	<b>523,000</b>	479,000
Expected return on scheme assets	<b>34,000</b>	22,000
Contributions by employer	<b>72,000</b>	44,000
Contributions by scheme participants	<b>25,000</b>	17,000
Actuarial (losses)/gains	<b>(1,000)</b>	(39,000)
<b>Fair value of scheme assets at 31 August</b>	<b><u>653,000</u></b>	<b><u>523,000</u></b>

The estimated value of employer contributions for the year ended 31 August 2013 is £72,000

**The history of experience adjustments is as follows:**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Present value of defined benefit obligations	<b>(881,000)</b>	(668,000)
Fair value of share of scheme assets	<b>653,000</b>	523,000
Deficit in scheme	<b><u>(228,000)</u></b>	<b><u>(145,000)</u></b>
	<b>£</b>	<b>£</b>
<b>Experience adjustments on share of scheme assets</b>	<b>(1,000)</b>	<b>(39,000)</b>
<b>Experience adjustments on scheme liabilities</b>	<b><u>(81,000)</u></b>	<b><u>59,000</u></b>
	<b><u>(82,000)</u></b>	<b><u>20,000</u></b>

**Note 28**

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

No transactions have taken place during the period.