



**BRINE LEAS SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2012**

**Company Registration No. 07344747 (England and Wales)**

## **Brine Leas School**

### **Contents**

### **Page**

Reference and Administrative Details	2
Governors' Report	3
Governance Statement	8
Statement on Regularity, Propriety and Compliance	10
Statement of Governors' Responsibilities	11
Independent Auditors' Report	12
Independent Reporting Accountant's Assurance Report on Regularity	14
Statement of Financial Activities	15
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19

## **Brine Leas School**

### **Reference and Administrative Details**

#### **Parent Governors Elected by Parents of Brine Leas**

Mr C Bromiley  
Dr M Draper  
Mr M Joule  
Mr C Paterson  
Mrs J Sanders

#### **Governors Appointed by Local Authority**

Cllr A Martin

#### **Governors Elected by Staff of Brine Leas**

Mr F Castelain  
Ms A Sanders  
Mr M Curzon

#### **Governors Appointed by the Academy Trust**

Mrs E Boffey  
Mr T Court  
Mr G Dowding  
Mrs J Furber  
Mr C Hak  
Mrs P Lockett  
Mr B Radford  
Mrs D Rowlands  
Mr T Coxhill

#### **Headteacher Governor**

Mr A Cliffe

#### **Key Personnel**

Mr A Cliffe Headteacher/Accounting Officer  
Mrs K Bradshaw Business Manager/Finance Director

#### **Registered Office:**

Brine Leas School  
Audlem Road  
Nantwich  
Cheshire  
CW5 7DY

#### **Company Registration Number:**

07344747

#### **Independent Auditors:**

Afford Bond LLP  
Chartered Accountants and Registered Auditors  
Wellington Road  
Nantwich  
Cheshire CW5 7ED

#### **Bankers:**

Lloyds TSB Bank PLC  
P O Box 1000  
Andover  
Hampshire BX1 1LT

#### **Solicitors:**

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

## **Brine Leas School**

### **Governors' Report**

The governors present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2012.

### **Structure, Governance and Management**

#### Constitution

The Academy is a company limited by guarantee, which was incorporated on 12<sup>th</sup> August 2011, and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

Three governors act as the trustees for the charitable activities of Brine Leas School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Brine Leas School.

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 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 governors have not provided any third party indemnities.

#### Principal Activities

The principal activity of the Academy continued to be the provision of secondary level education to children aged 11 to 19 years old.

#### Method of Recruitment and Appointment or Election of Governors

The members of the Governing Body shall comprise the signatories to the Memorandum, or a person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose. The chairman of the governors; and any person appointed under Article 16 which states that the Members may agree unanimously in writing to appoint such additional Members as they think fit.

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

The induction and training of governors will be carried out by the Headteacher and will cover roles and responsibilities of the governors, the organisation and workings of the Governing Body. The Governing Body subscribes to the training package provided by the Governor Learning Partnership which also gives membership of the NGA and access to TEN governor. Whole Governing Body training at the school is arranged for specific areas.

#### Organisational Structure

The governors are responsible for the approval of accounts and the appointment of governors. The Governing Body are responsible for the strategic direction of the Academy. The Head Teacher and Senior Leadership Team are responsible for the day to day management of the Academy. The Head Teacher is the Accounting Officer. Policy issues are addressed by governors through two committees which meet at least once a term. The committees are a) Site, Finance, Health and Safety, Community and Staffing b) Curriculum, Pastoral, ARR, Post 16 and Teaching and Learning. These two separate committees are chaired by a Governor and have clear Terms of Reference and delegated powers which are reviewed annually. Decisions made by these committees are passed to the full Governing Body for ratification and approval.

**Governors' Report (continued)**

Risk Management

An assessment of the risks facing the Academy was initially carried out in August 2010 and procedures have been established to manage the risks. The Risk Management documents are reviewed annually by the Leadership Team. The Academy subscribes to the Cheshire East Health and Safety Annual Audit and other services such as EVOLVE and PRIME to record accidents and check Educational Visits Risk Assessments.

The school carries out risk assessments covering all aspects of the operation of the school and of the physical environment. Assessment of external risk factors (e.g. changes in Government or Local Authority legislation) which may have a significant bearing on the future of the school are incorporated when updating the school Self Evaluation Form; which in turn informs school development planning.

Connected Organisations, including Related Party Relationships

The Academy is an active member of Nantwich Education Partnership, which consists of Brine Leas School, Malbank School and sixth form centre and partner primary schools. The Nantwich Education Partnership is managed by a joint committee of the Head Teachers from each school and now includes governor representation from each school. The collaboration enables the Academy to further its objects.

**Objectives and Activities**

Objects and Aims

The Articles of Association set out the full aims and objectives of the Academy however the following extract is a summary:

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").

Brine Leas School is an 11-19 Secondary school situated in a wide and semi-rural catchment area, the school is both popular and successful and the last Ofsted report confirmed that we were an outstanding school. We aim to provide a very happy learning environment in which students are helped to develop into exceptionally mature, confident and articulate young people and Brine Leas is committed to achieving a successful education for all its students.

Objectives, Strategies and Activities

Significant activities

The main objectives were to establish the school as an Academy with the benefits and freedoms that this brings. In addition establishing Brine Leas School 6<sup>th</sup> form (BL6) has been a major activity of this period, ensuring that curricular and extra-curricular activities meet the needs of our Post 16 students has been important.

To ensure that capital development of the site was carried out efficiently, on time and that it was linked to progress in learning.

Funding from the DfE was used to replace windows and panelling in the two storey block, extend the staffroom and finally provide a new 8 class block, The Diamond block, replacing the existing mobile classrooms. All this work has had a positive impact on the school.

At the same time our House system with its emphasis on participation and positive aspects of student life has been revisited and all students continue to take part in House activities.

Finally inducting significant numbers of new staff into the distinctive culture and philosophy of the School has been an objective vital to the future of the School. Our Investors In People report and exam results indicate that strategies to accomplish this have been successful.

## Brine Leas School

### Governors' Report (continued)

#### Public Benefit

The trustees and governors of the Academy have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The public benefit is in the provision of a quality secondary education for the pupils of Nantwich and the surrounding area.

In addition the school opens many of its facilities to the local community. There is a programme of evening classes running two nights each week as well as significant use of our sports facilities by local clubs, societies and casual bookings. The School has a philosophy of encouraging new ventures by looking at imaginative funding routes such as subsidising room or equipment hire etc.

#### **Achievements and Performance**

The school is proud of the overall success gained by its students. This is not just measured in terms of examination results. Arts Mark Gold, Sports Mark Gold and "Giving Nation Award" are real indications of the breadth of study and commitment experienced by students. In 2012 the school was again assessed and awarded the Inclusion Quality Mark. Many people now appreciate that our school is increasingly successful for a very large number of students of differing abilities and aptitudes. This is the result of good teaching, hard work by students, lots of support from their families and, at Brine Leas, our determination to pursue excellence, in a variety of forms.

These figures are significant as Brine Leas is proud of being an all-ability comprehensive serving all the children of its local community. They demonstrate that able children achieve levels of excellence that put them amongst the most highly qualified youngsters of their age group and that the majority of our children are achieving to their best and make the most of their High School education.

The opening of BL6 has seen a shift in post-16 destination patterns. The majority of our students are now staying on at Brine Leas and over time we will be able to report on historic trends.

Post 16 results are very good and place school third in Cheshire East. Many of our ex-students contact us about their further successes in whatever route they have chosen to follow and it is always a pleasure to hear from them. Nearly all students got their first choice at University.

#### **Key Stage 5 headline results**

Headline	School
A* to B	53%
A* and A	32%
Pass Rate	92%

The first two sets of AS results are worthy of celebration and our A level results in 2012 were excellent. The emergence of clubs, sports teams and a wealth of extracurricular visits is providing a rich diet for our Post 16 students.

**Governors' Report (continued)**

**Key Stage 3 and 4 headline results**

Year	Percentage of 15 year old pupils achieving 5 A*-C					Percentage of 15 year old pupils achieving 5 A*-C (inc. Eng and Math)					A* and A's		
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2010	2011	2012
Percentage	78	94	95	98	99	64	75	73	78	73	31	34	33

Despite the English GCSE fiasco, headline results have stood up well. The school is in the top 3 of Cheshire East Schools for headline results and highest on points score.

The school remains oversubscribed in Year 7 despite a local and national picture of falling rolls. Last year the wide range of extracurricular activities continued including a Year 11 visit to Costa Rica. Many charities were supported in particular those supporting cancer relief.

**Curriculum Developments**

The school continues to offer a wide range of courses at all key stages linked to the ability and aptitude of our cohorts. For example at key Stage 3 it is possible to study astronomy at GCSE with early entry in certain subjects also featuring at Key Stage 4. Performing Arts, at GCSE, has also been introduced at Key Stage 3. At Key Stage 4 the English baccalaureate has not been made compulsory but many students have chosen to take option subjects which will allow them to gain this qualification. Modern Languages remains a compulsory subject at Key Stage 4. Work experience is still enjoyed by all Key Stage 4 students for a full two weeks. At Key stage 5 the curriculum offer has been specifically linked to demand and in some subjects additional groups had to be put on to cater for demand.

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 Accounting Policies note of the financial statements.

Key Performance Indicators

The governors believe that the academy has performed adequately for the period. For detail of this performance please refer to the statement of financial activities.

**Financial Review**

The governors consider that the level of surplus achieved in the period and the principal risks and uncertainties that are present have been managed satisfactorily. The results for the year are set out in the statement of financial activities. The total surplus was £573,025.

The governors continue to closely monitor expenditure and follow best value principles whilst seeking successful impact on student outcomes.

Future performance is dependent upon the educational environment that the academy is in, the Governors and Leadership Team are not complacent about the current position, marketing strategies are considered and the improvement of other local schools academic performance are carefully monitored. Although the academy remains focused solely on its principal activity of secondary level education to children aged 11 to 19 years old,

**Brine Leas School**

**Governors' Report (continued)**

the numbers of children available in the local area are believed to be adequate enough to allow an academy of this size to continue to operate successfully. Families continue to move into our catchment area to guarantee a place at the school, this is largely due to the schools' academic success and rich diet of extra-curricular activities. This is reviewed regularly.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the academy will be subject to unforeseen future events outside of our control.

Reserves Policy

The reserves are held to allow the academy to function on both a day to day and long term basis. The governors consider that the level of reserves at present, are adequate to achieve their objectives.

The level of each reserve is detailed in note 18 'Funds'. In keeping with a dynamic environment the reserves policy will be reviewed as needed, to cope with changes within the academy. However as a minimum the reserves policy will be reviewed on an annual basis.

There is a pension fund deficit and although it is not considered material in the context of the accounts, the Governors will monitor the deficit annually. For additional detail refer to note 28 'Pension and Similar Obligations'

**Plans for Future Developments**

To maintain and improve the current standard of academic performance as measured by external public examination and independent value-added criteria.

To further develop the collaborative links with other local schools to benefit educational outcomes.

To use funding from the EFA to refurbishment a Science classroom, the SEN department, two English classrooms and the rear Hall Foyer.

**Funds held as Custodian Trustee on behalf of others**

The Governing Body does not hold any funds as Custodian Trustee, on behalf of others.

**Auditors**

Afford Bond LLP was appointed as independent auditor during the period and is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

In so far 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 auditors are aware of that information.

Approved by order of the members of the Governing Body on 12 Dec 2012 and signed on its behalf by:

X Janet Furber  
Mrs J Furber  
Chair



## **Brine Leas School**

### **Governance Statement**

#### **Scope of Responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that Brine Leas 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 Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Brine Leas 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.

#### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Brine Leas 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 governors have 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 governors are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governors;
- regular reviews 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;

**Governance Statement (continued)**

**Review of Effectiveness**

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

- The officers within the school who have responsibility for the development and maintenance of the internal control framework.
- The work of the external auditors who submit a regular report which reviews particular aspects of the internal workings of the financial internal controls

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system

The Accounting Officer has been advised of the implications of the result of the review of the system of internal control and a plan, if appropriate, to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on *12 Dec 2012* and signed on its behalf by:

X *Jane Furber*  
Mrs J Furber  
Chair

X *A.M. Cliffe*  
Mr A Cliffe  
Accounting Officer

**Brine Leas School**

**Statement on regularity, propriety and compliance**

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

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

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

X *A.M. Cliffe* .....

**Mr A Cliffe**  
**Accounting officer**

## Statement of Governors' Responsibilities

The governors (three of whom act as trustees for charitable activities of Brine Leas School and are also Directors of Brine Leas School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Academy and of the incoming resources and application of resources, including the income and expenditure, of the Academy for the year. In preparing these financial statements, the governors are required to:

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

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

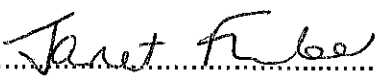
The governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the EFA / YPLA / DfE have been applied for the purposes intended.

In so far as the governors are aware:

- there is no relevant audit information of which the Academy'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.

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

Approved by order of the members of the Governing Body on 12 Dec 2012 and signed on its behalf by:

  
.....  
Mrs J Furber  
Chair

## **Independent Auditor's Report to the Members of Brine Leas School**

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

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

### **Respective responsibilities of governors and auditor**

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year 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.

**Independent Auditor's Report to the Members of Brine Leas School (continued)**

**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.

*Peter O'Malley FCCA CTA*

Peter O'Malley FCCA CTA (Senior Statutory Auditor)  
For and on behalf of Afford Bond LLP

Chartered Accountants  
Statutory Auditor

*12/12/12*.....

31 Wellington Road  
Nantwich  
Cheshire  
CW5 7ED

## **Brine Leas School**

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

In accordance with the terms of our engagement letter dated 14 September 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 Brine Leas 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 Brine Leas School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Brine Leas 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 Brine Leas School and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Brine Leas School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Brine Leas School's funding agreement with the Secretary of State for Education dated 25 August 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.

#### **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.



Afford Bond LLP (Chartered Accountants)

31 Wellington Road

Nantwich

CW5 7ED

Date:

Brine Leas School

**Statement of Financial Activities for the Year Ended 31 August 2012**  
**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £	Total 2011 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	6,619	-	-	6,619	3,303
Voluntary income – inherited assets	3	-	-	-	-	27,100,000
Voluntary income – other balances	3	-	-	-	-	28,576
Activities for generating funds	4	118,256	40,456	-	158,712	361,660
Investment income	5	6,884	-	-	6,884	1,478
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	6	-	6,130,605	668,143	6,798,748	6,394,043
<b>Total incoming resources</b>		<b>131,759</b>	<b>6,171,061</b>	<b>668,143</b>	<b>6,970,963</b>	<b>33,889,060</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income	7	-	-	-	-	-
Fundraising trading	7	22,248	36,410	-	58,657	304,063
<i>Charitable activities:</i>						
Academy's educational operations	8	-	5,739,414	418,187	6,157,601	6,001,871
Governance costs	9	-	8,680	-	8,680	11,428
Other resources expended		-	-	-	-	570,416
<b>Total resources expended</b>	7	<b>22,248</b>	<b>5,784,504</b>	<b>418,187</b>	<b>6,224,938</b>	<b>6,887,778</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>109,511</b>	<b>386,557</b>	<b>249,956</b>	<b>746,025</b>	<b>27,001,282</b>
Gross transfers between funds	18					
<b>Net income/(expenditure) for the period</b>		<b>109,511</b>	<b>386,557</b>	<b>249,956</b>	<b>746,025</b>	<b>27,001,282</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	18,28	(173,000)	-	-	(173,000)	110,000
<b>Net movement in funds</b>		<b>(63,489)</b>	<b>386,557</b>	<b>249,956</b>	<b>573,025</b>	<b>27,111,282</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2011	18	50,854	(213,559)	27,273,987	27,111,282	-



**Brine Leas School**

---

<b>Funds carried forward at 31 August 2012</b>	(12,634)	172,998	27,523,943	27,684,307
--	----------	---------	------------	------------

---

All of the Academy's activities derive from continuing operations during the two above financial periods.

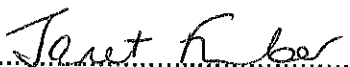
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Brine Leas School

Balance Sheet as at 31 August 2012

	Notes	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible assets	13		27,830,526		26,747,454
<b>Current assets</b>					
Stock	14	3,536		2,522	
Debtors	15	146,460		3,072	
Cash at bank and in hand		739,959		1,131,221	
		<u>889,955</u>		<u>1,136,815</u>	
<b>Creditors: Amounts falling due within one year</b>	16	(677,336)		(474,947)	
<b>Net current assets</b>		<u>212,619</u>		<u>661,868</u>	
Total assets less current liabilities			<u>28,043,145</u>		<u>27,409,322</u>
<b>Creditors: Amounts falling due after more than one year</b>	17		-		(100,000)
<b>Net assets excluding pension liability</b>			28,043,145		27,309,322
Pension scheme liability	28		(358,838)		(198,040)
			<u>27,684,307</u>		<u>27,111,282</u>
<b>Net assets including pension liability</b>					
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	18		27,523,943		27,273,987
General fund(s)	18		172,998		(213,559)
<b>Total restricted funds</b>			<u>27,696,941</u>		<u>27,060,428</u>
<b>Unrestricted funds</b>	18		(12,634)		50,854
Pension reserve	18		-		-
			<u>(12,634)</u>		<u>50,854</u>
<b>Total funds</b>			<u>27,684,307</u>		<u>27,111,282</u>

The financial statements on pages 14 to 36 were approved by the Governing Body and authorised for issue on 12 Dec 2012 and are signed on their behalf by:

  
 Mrs J Furber  
 Chair

Company Limited by Guarantee:  
 Registration Number 07344747

**Brine Leas School**

**Cash Flow Statement for the Year Ended 31 August 2012**

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	22	434,970	603,210
Returns on investments and servicing of finance	23	6,884	1,478
Capital expenditure	24	(833,116)	526,533
<b>(Decrease)/Increase in cash in the period</b>	25	<u>(391,262)</u>	<u>1,131,221</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2011		1,131,221	-
<b>Net funds at 31 August 2012</b>		<u>739,959</u>	<u>1,131,221</u>

## Notes to the Financial Statements for the Year Ended 31 August 2012

### 1 Accounting Policies

#### Basis of Preparation

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

#### Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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.

- **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.

- **Donated Services and Gifts in Kind**

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

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

1 Accounting Policies (continued)

**Resources Expended**

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets which cost more than £500 or which are considered to be desirable are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Assets inherited on conversion to Academy status are also capitalised as tangible fixed assets and are carried at net book value, calculated at the date of transfer.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land & buildings at rates calculated to write off the cost of each asset over its expected useful life, as follows:

ICT equipment	33.3% per annum straight line basis
Furniture, fittings and equipment	15% per annum reducing balance basis

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

**1 Accounting Policies (continued)**

**Tangible Fixed Assets (continued)**

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

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

**Leased Assets**

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

**Stock**

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

**Taxation**

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

**Pensions Benefits**

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

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 26, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**Fund Accounting**

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

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

**1 Accounting Policies (continued)**

**Fund Accounting (continued)**

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Young People's Learning Agency/Department for Education/sponsor/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/Young People's Learning Agency/Department for Education.

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

2 General Annual Grant (GAG)

a Results and carry forward for the period

	2012 £	2011 £
GAG brought forward from previous period	-	-
GAG allocation for current period	5,869,305	4,977,363
<b>Total GAG available to spend</b>	<u>5,869,305</u>	<u>4,977,363</u>
Recurrent expenditure from GAG	(5,643,882)	(4,881,010)
Budget deficit repaid	(75,000)	(79,416)
Fixed assets purchased from GAG	(35,623)	-
<b>GAG carried forward to next period</b>	<u>114,800</u>	<u>(27,295)</u>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(704,317)	(587,754)
<b>GAG to surrender to DfE</b>	<u>(589,517)</u>	<u>(615,049)</u>
(12% rule breached if result is positive)	No Breach	No Breach

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Donations in kind - capital	-	-	-	27,100,000
Donations in kind – other balances	-	-	-	28,576
Income from partner organisations	-	-	-	-
Donations for school activities	6,619	-	6,619	439
Other donations	-	-	-	2,864
	<u>6,619</u>	<u>-</u>	<u>6,619</u>	<u>27,131,879</u>

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Hire of facilities	33,523	-	33,523	42,375
Catering income	14,012	-	14,012	184,290
Adult education	26,396	-	26,396	13,106
Staff services income	22,585	-	22,585	51,728
Sale of goods & materials	14,280	-	14,280	2,941
Recharged expense income	7,460	40,456	47,916	67,220
	<u>118,256</u>	<u>40,456</u>	<u>158,712</u>	<u>361,660</u>



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

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Short term deposits	6,884	-	6,884	1,478
	<u>6,884</u>	<u>-</u>	<u>6,884</u>	<u>1,478</u>

6 Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
<b>DfE / EFA / YPLA capital grant</b>				
Academy main building grants	-	668,143	668,143	650,997
	<u>-</u>	<u>668,143</u>	<u>668,143</u>	<u>650,997</u>
<b>DfE / EFA / YPLA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	5,869,305	5,869,305	4,933,131
Start Up Grants	-	-	-	25,000
Other DfE / EFA / YPLA grants	-	261,300	261,300	784,619
	<u>-</u>	<u>6,130,605</u>	<u>6,130,605</u>	<u>5,742,750</u>
<b>Other Government grants</b>				
Individual pupil funding	-	-	-	296
Special educational projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>296</u>
	<u>-</u>	<u>6,798,748</u>	<u>6,798,748</u>	<u>6,394,043</u>

7 Resources Expended

	Staff Costs £	Non Pay Expenditure		Total 2012 £	Total 2011 £
		Premises £	Other Costs £		
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	23,520	3,497	31,640	58,657	304,063
Academy's educational operations					
Direct costs	4,120,466	-	315,879	4,436,345	4,217,205
Allocated support costs	531,802	960,732	228,722	1,721,256	1,784,666
	<u>4,675,788</u>	<u>964,229</u>	<u>576,241</u>	<u>6,216,258</u>	<u>6,305,934</u>
Governance costs including allocated support costs	-	-	8,680	8,680	11,428
	<u>4,675,788</u>	<u>964,229</u>	<u>584,921</u>	<u>6,224,938</u>	<u>6,317,362</u>

The method used for the apportionment of support costs is disclosed in the accounting policies.

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

7 Resources Expended (continued)

	2012 £	2011 £
<b>Incoming/outgoing resources for the year include:</b>		
Operating leases	13,768	25,764
Fees payable to auditor:		
Audit	3,500	4,200
Other services	1,478	3,552
Profit/(loss) on disposal of fixed assets	-	-
	<u>-</u>	<u>-</u>

8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
<b>Direct costs</b>				
Teaching and educational support staff	-	4,101,590	4,101,590	3,838,850
Costs				
Depreciation	-	-	-	-
Educational supplies	-	137,005	137,005	190,626
Examination fees	-	160,813	160,813	131,424
Staff development	-	18,876	18,876	12,179
Educational consultancy	-	-	-	-
Other direct costs	-	18,061	18,061	44,126
	<u>-</u>	<u>4,436,345</u>	<u>4,436,345</u>	<u>4,217,205</u>
<b>Allocated supported costs</b>				
Support staff costs	-	509,132	509,132	487,515
Depreciation	-	418,187	418,187	477,010
Recruitment and support	-	17,670	17,670	20,696
Maintenance of premises and equipment	-	173,774	173,774	120,678
Cleaning	-	135,401	135,401	165,593
Rent and rates	-	52,018	52,018	50,260
Insurance	-	36,977	36,977	38,937
Security and transport	-	11,604	11,604	13,463
Catering	-	5,214	5,214	9,831
Other occupancy costs	-	-	-	-
Other supplies and services	-	-	-	-
Bank interest and charges	-	143	143	262
Other finance costs	-	-	-	-
Other support costs	-	361,136	361,136	400,421
	<u>-</u>	<u>1,721,256</u>	<u>1,721,256</u>	<u>1,784,666</u>
	<u>-</u>	<u>6,157,601</u>	<u>6,157,601</u>	<u>6,001,871</u>

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

9 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Legal and professional fees	-	3,702	3,702	3,276
Auditor's remuneration				
• Audit of financial statements	-	3,500	3,500	4,200
• Responsible officer audit	-	1,478	1,478	3,552
Support costs	-	-	-	400
Governors' reimbursed expenses	-	-	-	-
	-	8,680	8,680	11,428

10 Staff Costs

	2012 £	2011 £
Staff costs during the period were:		
Wages and salaries	3,769,888	3,504,506
Social security costs	280,976	262,721
Pension costs	511,465	480,613
	<u>4,562,329</u>	<u>4,247,840</u>
Supply teacher costs	44,982	52,356
Other external salary costs	17,723	40,093
Staff development and other staff costs	50,754	40,764
	<u>4,675,788</u>	<u>4,381,053</u>

The average number of persons (including senior leadership team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2012 Number	2012 Full-time equivalent	2011 Number	2011 Full-time equivalent
<b>Charitable Activities</b>				
Teachers	85	76.08	84	78.16
Administration and support	70	44.68	66	42.24
Management	10	10.00	8	8.00
	<u>165</u>	<u>130.76</u>	<u>158</u>	<u>128.40</u>

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

	2012	2011
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>1</u>

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

10 Staff Costs (continued)

Ninety-five (2011 - 79) of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £404,447 (2011 - £377,613). Fifty-five (2011 - 48) other employees participated in the Local Government Pension Scheme. Pension contributions amounted to £119,203 (2011- £110,960).

11 Governors' Remuneration and Expenses

Principal and staff governors (trustee governors) Mr A Cliffe, Mr F Castelain, Ms A Sanders and Mr M Curzon only received remuneration in respect of services they provided undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

The value of governors' remuneration was as follows:  
Principal and staff governors £ 164,575 (2011- £ 163,908)

During the period ended 31 August 2012, no travel and subsistence expenses were reimbursed to governors.

Related party transactions involving the governors are set out in note 29.

12 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased professional indemnity 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 £5,000,000 on any one claim and the cost for the period ended 31 August 2012 was not separately identifiable from the total insurance premium.

The cost of this insurance is included in the total insurance cost of £38,937.

13 Tangible Fixed Assets

	Freehold Land and Buildings £	ICT Equipment £	Fixtures, Fittings & Equipment £	Total £
<b>Cost</b>				
At 1 September 2011	24,100,000	45,578	3,078,886	<b>27,224,464</b>
Additions	1,474,871	35,463	(9,075)	<b>1,501,259</b>
Disposals	-	-	-	-
At 31 August 2012	<u>25,574,871</u>	<u>81,041</u>	<u>3,069,811</u>	<b><u>28,725,723</u></b>
<b>Depreciation</b>				
At 1 September 2011	-	15,177	461,833	<b>477,010</b>
Charged in period	-	26,990	391,197	<b>418,187</b>
Disposals	-	-	-	-
At 31 August 2012	<u>-</u>	<u>42,167</u>	<u>853,030</u>	<b><u>895,197</u></b>
<b>Net book values</b>				
At 31 August 2012	<u>25,574,871</u>	<u>38,874</u>	<u>2,216,781</u>	<b><u>27,830,526</u></b>
At 1 September 2011	<u>24,100,000</u>	<u>30,401</u>	<u>2,617,053</u>	<b><u>26,747,454</u></b>

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

13 Tangible Fixed Assets (continued)

On 2 September 2010 the Academy acquired the freehold land and school buildings from the Governing Body of the former Foundation School (the Academy's predecessor entity).

Freehold land and buildings are included within the financial statements at a valuation of £24,100,000. This is based upon the rebuilding cost as valued by an external surveyor for the purposes of the Academy's insurance policy as at 31 August 2011.

Other tangible fixed assets acquired upon conversion are included within the financial statements at a valuation of £3,000,000. This is based upon the valuation given by an external surveyor for the purposes of the Academy's insurance policy as at 31 August 2011.

14 Stock

	2012 £	2011 £
Clothing	3,536	2,472
Catering	-	50
	<u>3,536</u>	<u>2,522</u>

15 Debtors

	2012 £	2011 £
Trade debtors	4,696	1,259
Other debtors	813	-
Other taxation and social security	89,144	-
Prepayments	51,807	1,813
	<u>146,460</u>	<u>3,072</u>

16 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	169,787	242,538
Other creditors	68,976	59,125
Other taxation and social security	88,233	86,314
Accruals and deferred income	250,340	11,970
Budget deficit from predecessor school	100,000	75,000
	<u>677,336</u>	<u>474,947</u>

17 Creditors: amounts falling due after one year

	2012 £	2011 £
Budget deficit from predecessor school	-	100,000
	<u>-</u>	<u>100,000</u>

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

## 18 Funds

	Balance at 1 September 2011 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(214,234)	5,869,305	(5,754,505)	-	(99,434)
Start Up Grant	-	-	-	-	-
Other DfE / EFA / YPLA grants	675	261,300	6,411	-	268,386
Other government grants	-	-	-	-	-
Activities for generating funds	-	40,456	(36,410)	-	4,046
	<u>(213,559)</u>	<u>6,171,061</u>	<u>(5,784,504)</u>	<u>-</u>	<u>172,998</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA / YPLA capital grants	623,987	668,143	(35,687)	-	1,256,443
Capital expenditure from GAG	-	-	-	-	-
Voluntary income – inherited assets	26,650,000	-	(382,500)	-	26,267,500
	<u>27,273,987</u>	<u>668,143</u>	<u>(418,187)</u>	<u>-</u>	<u>27,523,943</u>
<b>Total restricted funds</b>	<u>27,060,428</u>	<u>6,839,204</u>	<u>(6,202,691)</u>	<u>-</u>	<u>27,696,941</u>
<b>Unrestricted funds</b>					
Unrestricted funds	50,854	131,759	(22,248)	(173,000)	(12,634)
Pension reserve	-	-	-	-	-
<b>Total unrestricted funds</b>	<u>50,854</u>	<u>131,759</u>	<u>(22,248)</u>	<u>(173,000)</u>	<u>(12,634)</u>
<b>Total funds</b>	<u>27,111,282</u>	<u>6,970,963</u>	<u>(6,224,938)</u>	<u>(173,000)</u>	<u>27,684,307</u>

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

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/Young People's Learning Agency/Department for Education/sponsor/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/Young People's Learning Agency/Department for Education.

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

19 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	27,830,526	27,830,526
Current assets	346,204	543,751	-	889,955
Current liabilities	-	(370,753)	(306,583)	(677,336)
Non current liabilities	-	-	-	-
Pension scheme liability	(358,838)	-	-	(358,838)
<b>Total net assets</b>	<u>(12,634)</u>	<u>172,998</u>	<u>27,523,943</u>	<u>27,684,307</u>

20 Capital commitments

	2012 £	2011 £
Contracted for, but not provided in the financial statements	<u>103,268</u>	<u>33,597</u>

21 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	-	8,588
Expiring within two and five years inclusive	13,600	-
Expiring in over five years	-	-
	<u>13,600</u>	<u>8,588</u>

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

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

	2012 £	2011 £
Net income	746,025	27,001,282
Depreciation (note 13)	418,187	477,010
Capital grants from DfE and other capital income	(668,143)	(27,750,997)
Interest receivable (note 5)	(6,884)	(1,478)
Opening pension liability	-	316,000
FRS 17 pension cost less contributions payable (note 28)	(17,202)	(15,960)
FRS 17 pension finance income (note 28)	5,000	8,000
(Increase)/decrease in stocks	(1,014)	(2,522)
(Increase)/decrease in debtors	(143,388)	(3,072)
Increase/(decrease) in creditors	102,389	574,947
<b>Net cash inflow from operating activities</b>	<u>434,970</u>	<u>603,210</u>

23 Returns on investments and servicing of finance

Interest received	6,884	1,478
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>6,884</u>	<u>1,478</u>

24 Capital expenditure and financial investment

Purchase of tangible fixed assets	(1,501,259)	(27,224,464)
Capital grants from DfE / EFA / YPLA	668,143	650,997
Capital funding received from sponsors and others	-	27,100,000
Receipts from sale of tangible fixed assets	-	-
<b>Net cash inflow from capital expenditure and financial investment</b>	<u>(833,116)</u>	<u>526,533</u>



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

25 Analysis of changes in net funds

	At 1 September 2011 £	Cash flows £	At 31 August 2012 £
Cash at bank and in hand	1,131,221	(391,262)	739,959
	<u>1,131,221</u>	<u>(391,262)</u>	<u>739,959</u>

26 Contingent Liabilities

There are no contingent liabilities that require disclosure in these financial statements.

27 Members' Liability

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

28 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cheshire West and Chester 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 August 2011.

Contributions totalling £66,348 (2011 - £59,125) were payable to the schemes at 31 August and are included within creditors.

**Teachers' Pension Scheme**

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

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

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

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

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

**28 Pension and similar obligations (continued)**

**Teachers' Pension Scheme (continued)**

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2012 was £156,250 (2011 - £143,926), of which employer's contributions totalled £119,203 (2011 - £110,956) and employees'

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

**28 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

contributions totalled £37,047 (2011 - £32,970). The agreed contribution rates for future years are 19.0% for employers and between 5.5 and 7.5% for employees determined by the employee's full time equivalent pay.

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 since conversion. 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.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2012</b>	<b>At 31 August 2011</b>
Rate of increase in salaries	4.5%	4.9%
Rate of increase for pensions in payment / inflation	2.2%	2.6%
Discount rate for scheme liabilities	4.1%	5.4%
Inflation assumption (CPI)	4.8%	6.1%
Commutation of pensions to lump sums		

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

	<b>At 31 August 2012</b>	<b>At 31 August 2011</b>
<i>Retiring today</i>		
Males	22.9	22.9
Females	25.7	25.7
 <i>Retiring in 20 years</i>		
Males	24.9	24.9
Females	27.7	27.7

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

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2012	Fair value at 31 August 2012 £	Expected return at 31 August 2011	Fair value at 31 August 2011 £
Equities	5.5%	690,000	6.8%	495,000
Bonds	2.8%	146,000	4.6%	126,000
Property	3.7%	58,000	4.8%	59,000
Cash	2.8%	78,000	3.9%	59,000
<b>Total market value of assets</b>		<u>972,000</u>		<u>739,000</u>
Present value of scheme liabilities - Funded		(1,337,000)		(943,000)
<b>Surplus/(deficit) in the scheme</b>		<u>(365,000)</u>		<u>(204,000)</u>

The actual return on scheme assets was £77,000 (2011 - £38,000).

Amounts recognised in the statement of financial activities

	2012 £	2011 £
Current service cost (net of employee contributions)	102,000	95,000
Past service cost	-	-
<b>Total operating charge</b>	<u>102,000</u>	<u>95,000</u>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	50,000	38,000
Interest on pension liabilities	(55,000)	(46,000)
<b>Pension finance income / (costs)</b>	<u>(5,000)</u>	<u>(8,000)</u>

The actual gains and losses for the current year 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 £63,000 loss.

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

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2012 £	2011 £
<b>At 1 September</b>	943,000	879,000
Current service cost	102,000	95,000
Past service cost	-	-
Interest cost	55,000	46,000
Employee contributions	37,000	33,000
Actuarial (gain)/loss	200,000	(110,000)
Curtailments and settlements	-	-
Benefits paid	-	-
<b>At 31 August</b>	<u>1,337,000</u>	<u>943,000</u>

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

	2012 £	2011 £
<b>At 1 September</b>	739,000	563,000
Expected return on assets	50,000	38,000
Actuarial gain/(loss)	27,000	-
Employer contributions	119,000	105,000
Employee contributions	37,000	33,000
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	-	-
<b>At 31 August</b>	<u>972,000</u>	<u>739,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £121,000 (2012 - £103,000).

The history of experience adjustments is as follows:

	2012 £	2011 £
<b>Present value of defined benefit obligations</b>	(1,337,000)	(943,000)
<b>Fair value of share of scheme assets</b>	972,000	739,000
<b>2011 actual employer contributions difference from actuarial assumption</b>	5,960	5,960
<b>2012 rounding difference</b>	202	-
<b>Surplus/(Deficit) in the scheme</b>	<u>(358,838)</u>	<u>(198,040)</u>

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

**29 Related Party Transactions**

There were no transactions with related parties (including members of the Governing Body) during the period (2011 - no transactions).

**30 Control Relationships**

The academy is controlled by the board of trustees; a list of which is available to inspect at the academy premises by prior appointment.

