

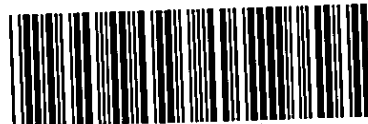
REGISTRAR OF COMPANIES

**St Philip's
School
Trust
Limited**

**Annual Report and Financial
Statements**

31 August 2008

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Company Limited by Guarantee
Registration Number
01789733 (England and Wales)

Charity Registration Number
288887

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Reference and administrative details of the charity, its governors and advisers

Governors	A Aylward S Day J Dean G Edwards T MacFarlane Rev R McHardy J McIntosh OBE H Mould P N White
Headmaster	H Biggs-Davison
Secretary	H Rennie
Registered principal office	6 Wetherby Place London SW7 4NE
Company registration number	01789733 (England and Wales)
Charity registration number	288887
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	HSBC Bank plc 95 Gloucester Road South Kensington London SW7 4SX
Accountants	SDK Educational Consultancy Ltd 2 nd Floor Marlborough House High Street Old Town Swindon Wiltshire SN1 3EP

Governors' report 31 August 2008

The Governors of St Philip's School Trust Limited, who are also directors of the Company for the purposes of the Companies Act and trustees for the purposes of charity law, present their statutory report together with the financial statements for the year ended 31 August 2008.

The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13 of the attached financial statements and comply with the school's Memorandum and Articles of Association, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005 ("SORP 2005").

Governance, structure and management

Constitution and legal status

The charity is constituted as a company limited by guarantee. The Governors, who are also members, are liable to contribute an amount not exceeding £1 each on the event of winding up.

Governance

The Governing body is elected on the basis of nominations and recommendations received from various sources, with a view to ensuring as wide a mix as possible of relevant expertise. Members are eligible to stand for re-election. Specific appointments are made to ensure that at least one member is recommended by the Oratory, Brompton Road.

The Governors maintain overall responsibility for the school and its assets, and determine the general policy of the school.

The day-to-day running of the school is delegated to the Headmaster and his senior management team.

Governors

The Governors may appoint additional Governors under the terms of the Memorandum.

The following Governors were in office and served throughout the year, except where shown.

Governors	Appointed / Resigned / Retired
A Aylward	
S Day	Appointed 25 September 2008
J Dean	
G Edwards	
T MacFarlane	
Rev R. McHardy	
J McIntosh OBE (Chairman)	
H Mould	
J Scanlan KCSG KGCHS	Retired 24 April 2008
P N White	
Company secretary	
H Rennie	

Governance, structure and management (continued)

Governors (continued)

No Governor received any remuneration from the school during the year (2007 - £nil). During the year one Governor, who is also a parent, had children attending the school. Fees paid by the Governors are the same as fees paid by others. There were no outstanding amounts at the year end. No Governor had any other beneficial interest in any contact with the school during the year.

Statement of Governors' responsibilities

Company law requires the Governors (who are also the directors of the company for the purpose of the Companies Act) to prepare financial statements which give a true and fair view of the state of affairs of the school at the end of the financial year and of its surplus or deficit for the financial year. In preparing financial statements giving a true and fair view, the Governors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable 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 school will continue in operation.

The Governors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the school and which enables them to ensure that the financial statements comply with the Companies Act 1985. The Governors are also responsible for safeguarding the assets of the school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Governors, in his or her capacity as a director of the school confirms that:

- ◆ so far as the Governor is aware, there is no relevant audit information of which the school's auditors are unaware; and
- ◆ the Governor has taken all the steps that he/she ought to have taken as a Governor in order to make himself/herself aware of any relevant audit information and to establish that the school's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Recruitment and training of Governors

New members of the Board are inducted into the workings of the school, and also the company as a registered charity. Training courses are organised by the Head and are attended as required.

Organisational management

The Board meets once a term to determine the general policy for the Trust and to review its overall management and control, for which they are legally responsible.

Governance, structure and management (continued)

Organisational management (continued)

A Finance and General Purpose Committee meets once a term. It has been set up during the year and reports to the Governors with recommendations on pay and conditions, financial obligations and fee and bursary policies.

Risk management

The Governors have assessed the major risks to which the school is exposed, in particular those related to the operations and finances and they are satisfied that systems are in place to mitigate the exposure to major risks.

Activities, specific objectives and relevant policies

Principal aims and objectives

The principal aims and objects of the school are the promotion and provision of the education of boys up to the age of 13.

Strategic aim and intended effect

The school's strategic aim to reach its annual objective is the attainment of the highest academic levels whilst allowing pupils to benefit from our extra-curricular programme. This is intended to draw out their abilities and academic potential, awaken and develop wider interests in life and motivate them for a successful outcome at their chosen senior school. The pupils' moral, social and spiritual development is considered to be just as important as their academic progress.

Objectives for the year

The school's main objective continued to be to educate all the school's pupils to at least the same high standard achieved by the school in previous years, so that they will be fully able to benefit from their chosen senior school for the completion of their education in due course. Our strategy for achieving this is to maintain a high teacher-to-pupil ratio, tailoring our services as appropriate in each case to suit individual needs.

Grant making

We are now able to support twenty two pupils through our Bursary Scheme. This is available on a needs basis as determined by the Headmaster in consultation with the Governors.

Achievements and performance

Review of the year and future plans

The school has had another most successful year. Three boys won scholarships (academic scholarships to Ampleforth and Dulwich, and a music scholarship to Ampleforth) and all the other Year 8 boys were successful in their Common Entrance examinations to schools which included Eton, Winchester, Harrow, St Paul's and KCS Wimbledon.

In December 2007 the school's religious education department was inspected by Westminster Diocese and was deemed "outstanding".

Achievements and performance (continued)

Review of the year and future plans (continued)

The school initiated the 'St Philip's Bursary Fund' this year to enable an academic bursary to a disadvantaged child from the local community.

Our future plans remain the continuation of the high standards of moral, spiritual and academic education, recognised in both of our 2007 inspection reports, by continued practical and financial support of the headmaster and staff. A feasibility survey of our basement space is being undertaken with a view to improving the educational facilities of the building; this would mean that a considerable capital investment may be made in the near future.

One of the governors has undertaken a brief to examine possible future fundraising initiatives to assist with both our bursary funds and with capital investment projects. In tandem with this, steps are being taken to establish an old boys' association

The net surplus for the year was £140,382 (2007 - £72,314).

Fundraising performance

Considerable funds were raised for charities supported by the school, mainly through the efforts of the pupils themselves.

Our Parents' Association Volunteers

Our Parents' Association helped the school's fundraising and cultural activities with many hours of voluntary service during the year, and the Board would like to thank the Parents for their valuable support to the school throughout the year, which is highly appreciated.

Public Benefit

The purpose of the school is the promotion and provision of the education of boys up to the age of 13. The school received no funding from the state and is therefore obliged to charge fees to cover the remuneration of its staff and the maintenance costs both present and in the future associated with the upkeep of the school's fabric and facilities.

The Charity Commission's publication 'Charities and Public Benefit' gives guidance to Trustees as to how to demonstrate explicitly that the aims of St. Philip's School are for the public benefit. The Trustees acknowledge the guidance and will strive whenever it is reasonably possible to follow it.

The school is continuing to develop its already strong relationship with our local Roman Catholic primary school, Our Lady of Victories. One of our teaching staff takes an after school verbal reasoning lesson at the primary school for thirty Year 6 pupils. St Philip's remunerates the teacher. We have also offered to sponsor pupils from the school who wish to take part in some of our after school clubs; we have, for example, one boy who has joined our Judo Club at the request of his headmistress, as he has been experiencing social difficulties at his school. St Philip's has paid for his club membership.

St Philip's boys contribute to the parish of the Oratory Church, Brompton Road, by serving Mass on Sundays, and by singing in the junior choir of the church.

Achievements and performance (continued)

Public Benefit (continued)

The Governors have agreed to the establishment of a full bursary being offered to a disadvantaged child from the local community and the "St Philip's Bursary Fund" has been initiated for this purpose.

Financial review

Results for the year

Incoming resources for the year were £1,190,581 (2007 - £1,114,186). Resources expended were £1,050,199 (2007 - £1,041,872). The net income for the year was £140,382 (2007 - £72,314).

Overall, the Governors consider the affairs of the charity to be satisfactory, but they are aware of potential financial issues facing the independent schools sector and the constant need to monitor budgets and cash flow forecasts.

Reserves policy and financial position

Reserves policy

The Governors have examined the requirement for free reserves (i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed) which they wish to increase so that in the future a larger school can be acquired.

Financial position

The balance sheet shows total funds of £1,973,697.

These funds are represented by a revaluation reserve, which represents the revalued amount of the school's freehold property, of £1,091,890, general funds of £831,807, and designated funds of £50,000. Within general funds, £274,699 represents funds deployed as part of the school premises and equipment, with the balance of £557,108 being 'free reserves'. The level of free reserves represents approximately five month's expenditure.

Fixed assets

The main asset of the school is the freehold building. This was revalued by Kemsley Whiteley & Ferris on 7 February 2007 on the basis of existing use at £1,350,000.

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

Summary

St Philip's School has again had a good year and our thanks go to all those who have helped to achieve this, staff, pupils and parents.

Governors' report 31 August 2008

Approved by the Governors and signed on their behalf by:


Chairman

Approved by the Governors on: 28.1.09

Report of the independent auditors to the members of St Philip's School Trust Limited

We have audited the financial statements on pages 10 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 12 and 13.

This report is made solely to the school's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the school's members those matters we are required to state to them in an auditors' 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 school and the school's 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 described on page 3 the Governors, who are also the directors of St Philip's School Trust Limited for the purposes of company law are responsible for the preparation of the Governors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information contained in the Governors' report is consistent with the financial statements.

In addition we report to you if in our opinion, the school has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Governors' remuneration and other transactions is not disclosed.

We read the Governors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the school's circumstances, consistently applied and adequately disclosed.

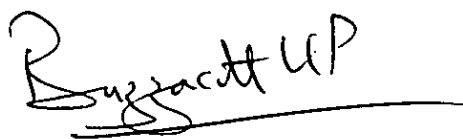
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report 31 August 2008

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the school's state of affairs as at 31 August 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the Governors' report is consistent with the financial statements.



Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

20 February 2009

Statement of financial activities Year to 31 August 2008

	Notes	General funds £	Restricted funds £	Revaluation reserve £	Total 2008 £	Total 2007 £
Income and expenditure						
Incoming resources						
Incoming resources from generated funds						
. Voluntary income		1,800	20,000	—	21,800	11,440
. Interest receivable		29,045	—	—	29,045	24,824
Incoming resources from charitable activities						
. School fees receivable	1	1,139,736	—	—	1,139,736	1,077,922
Total incoming resources		1,170,581	20,000	—	1,190,581	1,114,186
Resources expended						
Charitable activities						
. Provision of education	2	1,021,833	20,000	—	1,041,833	1,031,813
Governance costs	2	8,366	—	—	8,366	10,059
Total resources expended		1,030,199	20,000	—	1,050,199	1,041,872
Net movements in funds	3	140,382	—	—	140,382	72,314
Balances brought forward						
at 1 September 2007		741,425	—	1,091,890	1,833,315	1,761,001
Balances carried forward						
at 31 August 2008		881,807	—	1,091,890	1,973,697	1,833,315

All of the school's activities derived from continuing operations during the above two financial periods.


The school had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

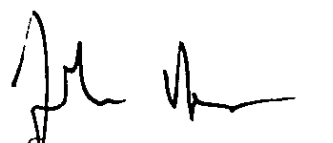
There is no difference between the net movement in funds stated above, and the historical cost equivalent.

Balance sheet 31 August 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible fixed assets	7		1,366,589		1,361,881
Current assets					
Debtors	8	8,742		20,210	
Short term deposits		—		450,000	
Cash at bank and in hand		842,997		192,857	
		<u>851,739</u>		<u>663,067</u>	
Creditors: amounts falling due within one year	9	<u>(244,631)</u>		<u>(191,633)</u>	
Net current assets			607,108		471,434
Total net assets			<u>1,973,697</u>		<u>1,833,315</u>
Represented by:					
Funds and reserves					
Unrestricted funds					
. General fund			831,807		741,425
. Designated fund	11		50,000		—
. Revaluation reserve	12		<u>1,091,890</u>		<u>1,091,890</u>
			<u>1,973,697</u>		<u>1,833,315</u>

Approved by the Governors
and signed on their behalf by:


Governor


Governor

Approved on: 28.1.09

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and the Companies Act 1985. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Incoming resources

Incoming resources are recognised in the period in which the school is entitled to receipt and the amount can be measured with reasonable certainty.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Cost of charitable activities i.e. the cost of teaching and support staff salaries, including pension and national insurance costs, books, games equipment and other tuition expenses.
- b. Governance costs comprise the costs which are directly attributable to the procedures for compliance with statutory requirements.

The majority of costs are directly attributable to specific activities. All other support cost have been allocated to charitable activities.

Tangible fixed assets

All assets costing more than £600 and with an expected useful life exceeding one year are capitalised.

- a. Freehold property

Depreciation is not provided on the freehold property as allowed by Financial Reporting Standard for Smaller Entities.

The freehold property is revalued periodically and surpluses and deficits are transferred to the revaluation reserve.

- b. Other tangible fixed assets

Other tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- | | |
|--------------------------|-----------------------------|
| ♦ Fixtures and equipment | 25% per annum based on cost |
|--------------------------|-----------------------------|

Fund accounting

The revaluation reserve comprises the revalued amount of the school's freehold property. The value represented by such assets should not be regarded, therefore, as realisable.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the school's charitable objects.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes.

Restricted funds represent monies which have been raised for a specific purpose or which are subject to restrictions on their use. Once the purposes have been fulfilled, or the funds used in accordance with the conditions, they are released to unrestricted funds.

Cash flow

The financial statements do not include a cash flow statement because the school, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Pension costs

Contributions in respect of the defined contribution scheme and the Teachers' Pension Scheme are charged to the income and expenditure account in the year in which they are payable to the scheme.

Operating lease commitments

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

Notes to the financial statements 31 August 2008

1 Incoming resources from charitable activities:

(a) School fees during the year were as follows:

	2008 £	2007 £
Gross school fees	1,137,261	1,080,280
Release of cash deposits and registration fees	9,300	9,000
Less: total bursaries, grants and allowances	(40,812)	(25,390)
	1,105,749	1,063,890
Add: Bursaries, grants and allowances paid for by restricted funds	20,000	—
	1,125,749	1,063,890
Music fees	10,851	8,049
Other income	3,136	5,983
	1,139,736	1,077,922

(b) Grants paid for by restricted funds comprised:

	2008 £	2007 £
Bursaries and discounts	20,000	—

During the year awards were made to 22 individuals (2007 - 21 individuals).

2 Resources expended

	Grants payable £	Staff Costs £	Other £	Depreciation £	Total 2008 £	Total 2007 £
Cost of Charitable Activities						
School operating costs:						
· Teaching costs	—	666,666	47,625	—	714,291	652,625
· Welfare costs	—	—	15,049	—	15,049	10,148
· Premises	—	—	56,360	—	56,360	58,122
· Sports Costs	—	—	57,582	—	57,582	58,565
· Outings and Activities	—	—	25,626	—	25,626	23,103
· Bursaries and discounts	20,000	—	—	—	20,000	—
· Other costs direct costs	—	—	9,078	—	9,078	8,867
· Support costs of schooling	—	101,421	29,588	12,838	143,847	220,383
	20,000	768,087	240,908	12,838	1,041,833	1,031,813
Governance costs	—	—	8,366	—	8,366	10,059
	20,000	768,087	249,274	12,838	1,050,199	1,041,872

Notes to the financial statements 31 August 2008

3 Net incoming resources

This is stated after charging:

	2008 £	2007 £
Staff costs (note 4)	768,087	744,332
Auditors' remuneration (including VAT)		
- current year	7,638	7,344
- other services	728	705
Depreciation	12,838	9,461

4 Employees and staff costs

Staff costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	640,714	625,359
Social security costs	56,636	51,723
Other pension costs	70,737	67,250
	768,087	744,332

The average number of employees during the year, calculated on a full time equivalent basis, analysed by function, was as follows:

	2008 Number	2007 Number
Teaching	16	15
Administration	2	2
	18	17

One employee earned between £60,000 and £70,000 (including taxable benefits but excluding employer pension contributions) during the year (2007 – one).

Employer contributions made to a defined contributions scheme in respect of the above employee during the year amounted to £10,407 (2007 – £9,669).

5 Governors' remuneration

None of the Governors received any remuneration in respect of their services during the year (2007 – £nil).

One governor, who is also a parent, had children attending the school. Fees paid by the Governors are the same as the fees paid by others. There were no outstanding amounts at the year end.

Notes to the financial statements 31 August 2008

5 Governors' remuneration (continued)

The school has purchased insurance to protect the school from any loss arising from the neglect or defaults of its Governors, employees and agents and to indemnify the Governors or other officers against the consequences of any neglect or default on their part. The insurance premium paid by the charity during the year totalled £3,281 (2007 - £3,281) and provides cover of up to a maximum of £2 million (2007 - £2 million).

6 Taxation

St Philip's School Trust Limited is a registered charity and therefore is not liable to corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

7 Tangible fixed assets

	Freehold Property £	Fixtures and equipment £	Total £
Cost			
At 1 September 2007	1,350,000	96,387	1,446,387
Additions	—	17,546	17,546
At 31 August 2008	1,350,000	113,933	1,463,933
At cost	258,110	113,933	372,043
At valuation	1,091,890	—	1,091,890
	1,350,000	113,933	1,463,933
Depreciation			
At 1 September 2007	—	84,506	84,506
Charge for year	—	12,838	12,838
At 31 August 2008	—	97,344	97,344
Net book values			
At 31 August 2008	1,350,000	16,589	1,366,589
At 31 August 2007	1,350,000	11,881	1,361,881

The school's freehold property at 6 Wetherby Place, London was revalued by Kemsley Whiteley & Ferris, Chartered Surveyors, on 7 February 2007 on the basis of its existing use at £1,350,000. The Governors are of the opinion that at 31 August 2007 this was the best estimate of the property's value.

At 31 August 2008 the school had capital commitments of £nil (2007 - £nil).

Notes to the financial statements 31 August 2008

8 Debtors

	2008 £	2007 £
Fees receivable	1,579	13,177
Other debtors	3,042	3,948
Prepayments and accrued income	4,121	3,085
	8,742	20,210

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	26,705	17,034
Other creditors	19,361	11,049
Fees received in advance	176,182	142,587
Accruals	4,165	3,728
Social security and other taxes	18,218	17,235
	244,631	191,633

10 Restricted funds

The funds of the charity include restricted funds comprising the following balances held on trust to be applied for specific purposes.

	At 1 September 2007 £	Incoming resources £	Resources expended £	At 31 August 2008 £
Bursaries	—	20,000	20,000	—

Bursaries consist of monies donated to the school by a donor to finance bursaries.

11 Designated fund

During the year ended 31 August 2008 the governors set up a bursary fund. The fund is being built up for the award of bursaries and scholarships.

	At 1 September 2007 £	New designations £	Utilised £	At 31 August 2008 £
Bursary fund	—	50,000	—	50,000

Notes to the financial statements 31 August 2008

12 Revaluation reserve

	Total £
At 1 September 2007	1,091,890
Net movement in year	—
At 31 August 2008	1,091,890

Details of the revaluation of the School's freehold property are given in note 7.

13 Allocation of net assets

	Fixed assets £	Current assets £	Current liabilities £	Total £
Unrestricted funds				
· General fund	274,699	801,739	(244,631)	831,807
· Designated fund	—	50,000	—	50,000
· Revaluation reserve	1,091,890	—	—	1,091,890
	1,366,589	851,739	(244,631)	1,973,697

14 Liability of members

The members of the school guarantee to contribute an amount not exceeding £1 each to the assets of the school in the event of winding up.

15 Teachers Pension Scheme (TPS)

The TPS is a statutory, contributory, final salary scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education. Teachers are able to opt out of the TPS.

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

15 Teachers Pension Scheme (TPS) (continued)

Under the definitions set out in Financial Reporting Standard 17, 'Retirement Benefits', the TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the school 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 school has set out below the information available on the deficit in the scheme and the implications for the school in terms of the anticipated contribution rates.

Not less than every five years, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The latest actuarial valuation of the scheme was at 31 March 2004 and significant facts concerning the scheme are given below:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected benefits
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2005 to 31 December 2006 the employer contribution was 13.5%. The rate increase to 14% from 1 January 2007.