

Registered company number 4251277

**Walsall City Academy Trust –  
a company limited by guarantee**

Governors' report and financial  
Statements  
For the year ended 31 August 2012

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**Walsall City Academy Trust**  
**- a company limited by guarantee**  
**Governors' report and financial statements**  
**for the year ended 31 August 2012**

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for the year ended 31 August 2012

## **Governors' report**

The Governors, who are also directors and trustees of the Charitable Company for the purposes of the Companies Act and the Charities Act, present their report and the audited financial statements of the Charitable Company for the year ended 31<sup>st</sup> August 2012. The financial statements have been prepared in accordance with the Walsall City Academy Trust constitution and the recommendations of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities and in accordance with applicable laws.

## **Governors**

The Governors, who served during the year, and subsequently to the date of the report, were

C H Whittington (Chairman)  
JH Birkett  
J Bowater  
Mrs T Cox (Co-opted Governor)  
R Harrison OBE (Resigned 13 July 2012)  
JD Hedges (Retired August 2012)  
FKJ Jackson  
Mrs N Latham (Co-opted Governor)  
Mrs G Ruoss  
GJ Smith (Co-opted Governor)  
M St John Parker (Co-opted Governor)  
Mrs T M Littlefield

CH Whittington, JD Hedges, Mrs G Ruoss and Mrs TM Littlefield are Governors nominated by The Wardens & Commonalty of the Mystery of Mercers ("The Mercers' Company"). JH Birkett, J Bowater, FKJ Jackson and R Harrison are nominated by Telford City Technology College Trust Limited. FKJ Jackson and J Bowater are also trustees of both Telford City Technology College Development Trust and Telford City Technology College Trust Limited.

## **Senior staff members**

Miss V Evans  
Head

## **Advisors**

The main advisors to the Governors are  
Auditors

Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury, West Midlands, B69 2DG

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**Governors' report (continued)**

**Banking & Investment Management**

HSBC Bank Plc  
137 Thetford Chase  
The Telford Centre  
Telford  
TF3 4AN

**Solicitors**

Macfarlanes (property)  
10 Norwich Street  
London  
EC4A 1BD

Wragge & Co (employment)  
55 Colmore Row  
Birmingham  
B3 2AS

**Employees**

Walsall City Academy is an equal opportunity employer and strives to give full and fair consideration to all applications for employment, training, and promotions, irrespective of disability, gender, race, colour or sexual orientation

**Status of the Charitable Company**

The Charitable Company is limited by guarantee (registered number 4251277) and is an Exempt Charity with the requirement to be registered under the Charities Act 1993 ceasing on the 1<sup>st</sup> August 2011 as laid down in the Academies Act 2010. It was incorporated on 12 July 2001 and is constituted and governed by its Memorandum and Articles of Association. The registered and principal office of the Charitable Company is Lichfield Road, Bloxwich, Walsall, WS3 3LX.

**Structure, Governance and Management**

The Academy has a Governing Board and an Audit, Finance and Premises Committee and the process and methodology for appointments is as follows

The composition of the Board is four governors nominated by each of the sponsors (the Sponsor Governors), who must always be in the majority, and no fewer than four persons co-opted by the Sponsor Governors ("Co-opted Governors") who shall include individuals from the local community committed to the good governance of the Academy, at least one of whom may be proposed by the Local Authority (LA), and individuals representing the interests of staff and parents of students at the Academy.

### **Governors' report (continued)**

The Governors appoint an Audit, Finance and Premises (A,F&P) Committee annually. The written terms of reference of the committee include receiving and reviewing the annual Statutory Accounts as presented by the external auditors, the monitoring of the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment and premises. The A,F&P committee also conducts detailed monitoring and review of the Health & Safety Policy and Organisation.

During the year, membership of the Committee comprised FKJ Jackson (Chairman), CH Whittington (ex officio), GJ Smith and Mrs G Ruoss. Student Discipline, Staff Discipline and Appeals Committees are appointed as required. The Governing Board also appoints a Responsible Officer (RO) and this function has been fully delivered in line with the requirements of the Financial Handbook.

The Chairman conducts a needs analysis of each newly appointed Governor and an induction programme to meet those needs is provided by the Academy. The training opportunities offered by The Mercers' Company are attended by representatives of the Governing Body.

### **Fixed Assets**

The Fixed Assets are set out per the attached notes to the accounts.

### **Investment Policy**

Surplus funds are invested with HSBC in a deposit account. These investments are made in accordance with the powers vested in the Governing Body.

### **Risk Assessment**

The Governors confirm that, as part of an ongoing process, the major risks to which the Charitable Company is exposed have been reviewed and systems have been established to mitigate any risks identified. Business Risk assessment is reviewed termly and reported to the A,F&P Committee and the Governing Board. In the first nine years no major issues or events have occurred.

### **Objectives and Activities**

The principal activity of the Charitable Company is the operation of Walsall Academy to provide free education for students of all abilities between the ages of 11 and 19 with an emphasis on science, technology and performing arts.

The period covered by these financial statements is the 9th full year of operation of the Academy.

The sponsors of the Walsall Academy are Telford City Technology College Trust Limited and The Mercers' Company.

### **Governors' report (continued)**

The strategic goal of the Walsall Academy is 'to raise educational standards through effective practice and share this with a wider community' In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit

The main objectives of the Academy are summarised below

- To raise the quality of education, teaching and learning and to widen the range of choices which are available to students
- To provide a strategy for raising achievement across the three phases of the school in all areas of experience
- To ensure equal status is given to vocational/academic courses
- To provide value for money for the funds expended
- To comply with all the appropriate statutory and curriculum requirements
- To develop and maintain close links with industry and commerce

The Head identifies the key issues of development for the school over a 3 year period In collaboration with the Senior Management Team this development plan is written to outline strategies for delivering those key issues This draft plan is then presented to the Governing Board for their consideration and approval The School Development Plan is reviewed each term and findings presented to the Governing Board (this plan is available on request)

### **Achievements and performance**

The Academy enrolment for years 7, 8, 9, 10 & 11 is full The sixth form is well populated with students continuing their studies post 16 and joined by some students from other local schools

The outcomes of the 2012 examinations for year 11 saw 99% of students achieving 5 A\* to C, which is above both the local average (98% in 2011) and the England average (79% in 2011) and 73% of students achieving 5 A\* to C including English and Mathematics which is also above the local average (68% in 2011) and the England average (57% in 2011) All students achieved at least one qualification at GCSE A\* to G or equivalent, and 100% achieved 5 qualifications at GCSE A\* to G or equivalent 39% of AGCE and Applied GCE results were A\*/A and B grades

The 2012 AGCE and Applied GCE results saw students achieving a pass rate of 97%

The Governors receive regular reports on the students' sporting achievements The wide range of sporting activities continues to develop in all age groups, including boys football, girls football, boys rugby, girls rugby, netball, badminton, hockey, basketball, rounders, athletics and tennis Our teams play in competition with local schools and inter Academies Tournaments

### **Governors' report (continued)**

Recurrent expenditure for the year was covered by grants from the EFA and via the LA

No expenditure has been incurred relating to future income generation

### **Financial review**

The Financial position of the Academy is detailed in the following pages. The carried forward surplus is below the maximum carry forward figure permitted and the finances are sound and well established. The principal financial management policies adopted are laid down by the Companies Act, the requirements under the Charities Statement of Recommended Practice ("SORP"), the Finance Handbook for Academies published by the EFA and requirements as laid down by The A,F&P Committee and the Governing Board.

During the year ended 31 August 2012 the total expenditure was £7,188,016. The deficit of income over expenditure was £450,211 which includes depreciation of £448,078.

At 31<sup>st</sup> August 2012 the net book value of fixed assets was £13,490,175 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing the education and associated support services to the pupils of the Academy.

### **Reserves policy**

The Governors continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and the nature of reserves. The Governors have determined that the level of reserves, which are not invested in fixed assets at the year end, are adequate for its immediate needs.

It is the Board's general policy to continue to build reserves which can be used for future educational purposes.

A deficit of £82,908 has arisen on the Restricted Income Fund. This is due to the deficit of £619,000 on the Local Government Pension Scheme which is allocated to this fund. This liability will not crystallise immediately.

At the year end free reserves totalled £176,423.

### **Plan for future periods**

Future plans are documented in the School Development Plan – as set out on page 4.

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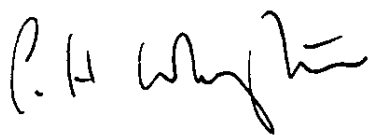
**Disclosure of information to auditors**

The Governors who held office at the date of this Governors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware, and each Governor has taken all steps they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information

**Auditors**

The appointment of the current auditors, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Governors on 12 November 2012 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'C. H. Whittington', is written over the printed name.

**Charles Whittington**  
**Chairman of the Board of Governors**



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## **Governance Statement**

### **Scope of Responsibility**

As Governors, we acknowledge that we have overall responsibility for ensuring that Walsall City Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can 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, as Accounting Officer, for ensuring that 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 Walsall City Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The governing body has formally met three times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
C H Whittington (Chairman)	3	3
JH Birkett	2	3
J Bowater	1	3
Mrs T Cox	3	3
R Harrison OBE	1	3
JD Hedges	1	3
FKJ Jackson	3	3
Mrs N Latham	3	3
Mrs G Ruoss	3	3
GJ Smith	1	3
M St John Parker	3	3
Mrs T M Littlefield	3	3

The Audit, Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to review all finance issues, Health & Safety issues and any other issues delegated by the Governing Board.

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Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
FKJ Jackson (Chairman)	3	3
Mrs G Ruoss	3	3
GJ Smith	2	3

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust 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 Walsall City Academy Trust for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust'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.

**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 Governing Body,
- regular reviews by the A,F&P Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

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The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr C Marsh, an experienced qualified Accountant as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a Termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities, via the A,F&P Committee.

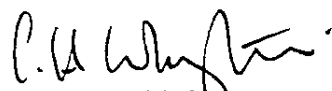
**Review of effectiveness**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the A,F&P Committee and a plan to address any identified weaknesses and ensure continuous improvement of the system is in place.

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



**Charles Whittington**  
Chairman of the Board of Governors



**Vivienne Evans**  
Accounting Officer

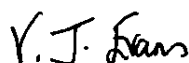
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Walsall City Academy Trust I have considered my responsibility to notify the Academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Vivienne Evans  
Accounting Officer

12 November 2012

### **Statement of Trustees' Responsibilities**

The Governors (who act as Trustees for the Charitable activities of Walsall City Academy Trust Limited and are also the directors of the Charitable Company for the purposes of Company Law) are responsible for preparing the Governor's Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

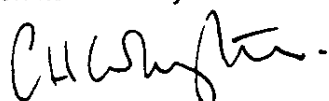
Company Law requires the Governors to prepare financial statements for each financial year. Under Company Law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to

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

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

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA have been applied for the purposes intended.

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



**Charles Whittington**  
**Chairman of the Board of Governors**

## **Independent Auditor's Report to the Members of Walsall City Academy Trust**

We have audited the financial statements of Walsall City Academy Trust 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 numbered 1 to 24

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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's 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 (who are also the directors of the charitable company for the purpose 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 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, 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 charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Annual Accounts Direction 2011/12 issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Independent Auditor's Report to the Members of Walsall City Academy Trust  
(continued)**

**Opinion on other matter prescribed by the Education Funding Agency/Department for Education**

In our opinion the grants received from the Education Funding Agency/Department for Education have been applied for the intended purpose

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

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

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

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

- adequate accounting records have not been kept, or
- 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

  
Helen Drew  
Senior Statutory Auditor  
For and on behalf of  
Crowe Clark Whitehill LLP  
Statutory Auditors  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

12 November 2012

## **Independent Reporting Accountant's Assurance Report on Regularity to Walsall City Academy Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter 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 Walsall City Academy Trust 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 Walsall City Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Walsall City Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Walsall City Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed

### **Respective responsibilities of Walsall City Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Walsall City Academy Trust's funding agreement with the Secretary of State for Education 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 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

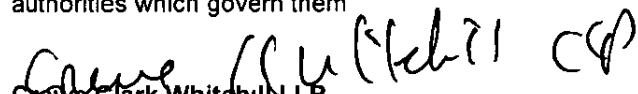
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure



**Independent Reporting Accountant's Assurance Report on Regularity to Walsall City Academy Trust Limited and the Education Funding Agency (Continued)**

**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 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

  
Crowe Clark Whitehill LLP  
Statutory Auditors  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

12 November 2012

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**Statement of Financial Activities  
for the year ended 31 August 2012  
(incorporating an income and expenditure account)**

	<i>Note</i>	<b>General Fund</b>	<b>Restricted Fixed asset Fund</b>	<b>Restricted Income Fund</b>	<b>Total 2012</b>	<b>Total 2011</b>
		£	£	£	£	£
<b>Incoming Resources</b>						
<b>Incoming resources from generated funds:</b>						
Voluntary Income	4	60,000	-	-	60,000	-
Investment income	5	3,464	-	-	3,464	3,255
<b>Incoming resources from charitable activities</b>						
Funding for educational operations		-	-	6,327,170	6,327,170	6,162,225
Catering income		347,171	-	-	347,171	328,552
<b>Total incoming resources</b>		<b>410,635</b>	<b>-</b>	<b>6,327,170</b>	<b>6,737,805</b>	<b>6,494,032</b>
<b>Resources expended</b>						
<b>Charitable activities</b>						
Provision of education	6/7	27,729	448,078	6,322,133	6,797,940	6,403,707
Catering costs	6/7	350,685	-	-	350,685	327,886
Governance costs	6/7	-	-	39,391	39,391	38,353
<b>Total resources expended</b>	6/7	<b>378,414</b>	<b>448,078</b>	<b>6,361,524</b>	<b>7,188,016</b>	<b>6,769,946</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>32,221</b>	<b>(448,078)</b>	<b>(34,354)</b>	<b>(450,211)</b>	<b>(275,914)</b>
<b>Transfers</b>						
Gross transfers between funds	16	-	120,212	(120,212)	-	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>32,221</b>	<b>(327,866)</b>	<b>(154,566)</b>	<b>(450,211)</b>	<b>(275,914)</b>
Actuarial gains/(losses) on defined benefit pension schemes		-	-	(117,000)	(117,000)	228,000
<b>Net movement in funds</b>		<b>32,221</b>	<b>(327,866)</b>	<b>(271,566)</b>	<b>(567,211)</b>	<b>(47,914)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	16/17	144,202	13,818,041	188,658	14,150,901	14,198,815
<b>Total funds carried forward</b>	16/17	<b>176,423</b>	<b>13,490,175</b>	<b>(82,908)</b>	<b>13,583,690</b>	<b>14,150,901</b>

A Statement of Recognised Gains and Losses is not required as all gains and losses are included above

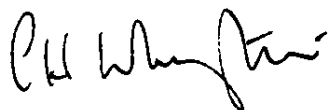
All items dealt with in arriving at the net incoming resources for the financial periods for 2012 and 2011 relate to continuing operations

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**Balance sheet  
at 31 August 2012**

	Note	2012		2011	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	12		13,490,175		13,818,041
<b>Current assets</b>					
Debtors	13	55,715		128,986	
Cash at bank and in hand		<u>1,325,251</u>		<u>1,584,565</u>	
		1,380,966		1,713,551	
<b>Creditors</b> Amounts falling due within one year	14	<u>(668,451)</u>		<u>(924,691)</u>	
<b>Net current assets</b>			<u>712,515</u>		<u>788,860</u>
<b>Net assets excluding pension liability</b>			14,202,690		14,606,901
Pension scheme liability	23		<u>(619,000)</u>		<u>(456,000)</u>
<b>Net assets including pension liability</b>			<u>13,583,690</u>		<u>14,150,901</u>
<b>Funds:</b>					
<b>Unrestricted funds:</b>					
General fund	17		176,423		144,202
<b>Restricted funds:</b>					
Restricted fixed asset fund	16		13,490,175		13,818,041
Restricted income fund	16		<u>(82,908)</u>		<u>188,658</u>
			<u>13,583,690</u>		<u>14,150,901</u>

The financial statements were approved by the Governors on 12 November 2012 and signed on their behalf by



**C H Whittington**  
Chairman of the Board of Governors

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**Cash flow statement  
for the year ended 31 August 2012**

	Note	2012 £	2011 £
<b>Operating activities</b>			
EFA per capita grant		6,312,837	6,099,762
Other receipts		383,971	-
EFA per capita payments		(6,488,689)	(5,565,749)
Other payments		<u>(350,685)</u>	<u>(327,866)</u>
<b>Net cash flow from operating activities</b>		<b>(142,566)</b>	206,147
<b>Return on investments and servicing of finance</b>			
Interest received		3,464	3,255
<b>Capital expenditure</b>			
Purchase of fixed assets		<u>(120,212)</u>	<u>(123,772)</u>
		<u>(120,212)</u>	<u>(123,772)</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>	20	<u><b>(259,314)</b></u>	<u>85,630</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>For the year ended 31 August 2012</b>		<b>2012 £</b>	<b>2011 £</b>
(Decrease)/Increase in cash in the year		<b>(259,314)</b>	85,630
Net funds at beginning of year		<u><b>1,584,565</b></u>	<u>1,498,935</u>
<b>Net funds at end of year</b>		<u><b>1,325,251</b></u>	<u><b>1,584,565</b></u>

## **Notes to the financial statements**

### **1 Status of the Charitable Company**

The Charitable Company is limited by guarantee. Each member of the charitable company has undertaken to contribute up to £1 to the Charitable Company's assets if it should be wound up.

### **2 Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards, including the Statement of Recommended Practice "Accounting and Reporting by Charities", issued in March 2005 (SORP 2005) the Companies Act 2006 and under the historical cost accounting rules.

The company has cash resources and has no requirement for external funding. The directors have a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charitable Company's financial statements.

#### ***Fund accounting***

Unrestricted funds are those funds which may be used towards meeting the objectives of the Charitable Company at the discretion of the Governors.

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of restricted funds is set out in the notes to the financial statements.

Restricted fixed asset funds are funds raised for the purpose of specific capital projects.

#### ***Incoming resources***

Incoming resources are included in the Statement of Financial Activities ("SOFA") when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Other income includes sponsorship and is included when receivable by the Charitable Company.

Grant income and grants for premises and equipment are recognised in the SOFA in the period in which they are receivable.

Deferred income represents grant monies received for the provision of education which relate to the next financial year.

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**Notes to the financial statements (continued)**

***Resources expended***

All outgoing resources are included in the SOFA on an accruals basis. Outgoing resources are inclusive of VAT until 31 March 2011. From 1 April 2011 outgoing resources are included net of recoverable VAT in accordance with the provisions of the Finance Bill 2011.

Catering costs comprise the provision of a catering facility within the school.

Governance costs are those which relate to compliance with constitutional and statutory requirements of the Trust as well as costs associated with defining the strategic direction of the Trust.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charitable Company and include an appropriate apportionment of management overheads.

***Tangible fixed assets***

Tangible fixed assets acquired since the Charitable Company was established are included in the accounts at cost.

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 and are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The de minimus limit for capitalisation of fixed assets is £500.

***Depreciation***

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their useful lives as follows:

Buildings	-	50 years
Furniture and equipment	-	7 years
Computer equipment	-	4 years

No depreciation is charged in the year of acquisition of an asset and a full year is charged in the year of disposal.

**Notes to the financial statements (continued)**

***Taxation***

The Charitable Company, as an exempt charity, is not liable to taxation. The Charitable Company since 1 April 2011 can recover value added tax and expenditure, where applicable, is therefore included net of the related value added tax from this date and gross of the related value added tax pre 1 April 2011.

***Pensions***

The Charitable Company participates in two pension schemes providing benefits based on final pensionable pay. More details of the schemes are given in note 23.

***Teachers' Pension Scheme***

Teaching staff employed under a contract of service are eligible to contribute to the Teachers' pension Scheme (TPS). As the Charitable Company is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it 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 pension costs for the scheme represent the contributions payable by the Charitable Company in the year.

***Local Government Pension Scheme***

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme and is able to identify the Charitable Company's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

***Recognition of liabilities***

Liabilities are recognised when either a constructive or legal obligation exists.

***Interest receivable***

Interest on deposit and other accounts is allocated to income in the year in which it is receivable.

***Leases***

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

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**Notes to the financial statements (continued)**

<b>3 General Annual Grant (GAG)</b>	<b>2012 £</b>	<b>2011 £</b>
<b>a. Results and carry forward for the year</b>		
GAG brought forward from previous year	<b>553,038</b>	522,599
GAG allocation for current year	<b><u>6,006,915</u></b>	<u>5,759,706</u>
<b>Total GAG available to spend</b>	<b>6,559,953</b>	6,282,305
Recurrent expenditure from GAG	<b>(6,079,195)</b>	(5,605,495)
Fixed assets purchased from GAG	<b><u>(120,212)</u></b>	<u>(123,772)</u>
<b>GAG carried forward to next year</b>	<b>360,546</b>	553,038
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<b><u>715,886</u></b>	<u>753,876</u>
<b>GAG to surrender to EFA</b>	<b><u>NIL</u></b>	<u>NIL</u>
(12% rule breached if result is positive)		
<b>b. Use of GAG brought forward from previous year for recurrent purposes</b>	<b>NIL</b>	NIL
(of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	<b>6,079,195</b>	5,605,495
GAG allocation for current year	<b>(6,006,915)</b>	(5,759,706)
GAG allocation for previous year x 2%	<b><u>(115,194)</u></b>	<u>(120,603)</u>
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b><u>(42,914)</u></b>	<u>(274,814)</u>
(2% rule breached if result is positive)		
<b>4 Voluntary Income</b>	<b>2012 £</b>	<b>2011 £</b>
Mercers' Company Donation	<b><u>60,000</u></b>	<u>-</u>
<b>5 Investment Income</b>	<b>2012 £</b>	<b>2011 £</b>
Bank Interest Receivable	<b><u>3,464</u></b>	<u>3,255</u>



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Notes to the financial statements (*continued*)

**6 Total resources expended**

	Governance costs £	Provision of education £	Catering costs £	2012 Total £	2011 Total £
Staff costs (note 9)	22,800	4,937,513	170,445	5,130,758	4,864,165
Depreciation	-	448,078	-	448,078	474,938
Other costs (note 8)	<u>16,591</u>	<u>1,412,349</u>	<u>180,240</u>	<u>1,609,180</u>	<u>1,430,843</u>
	<u>39,391</u>	<u>6,797,940</u>	<u>350,685</u>	<u>7,188,016</u>	<u>6,769,946</u>

**7 Analysis of total resources expended**

	Direct costs £	Support costs £	2012 Total £	2011 Total £
<b>Charitable activities</b>				
Provision of education	5,766,600	1,031,340	6,797,940	6,403,707
Catering costs	350,685	-	350,685	327,886
Governance costs	<u>16,591</u>	<u>22,800</u>	<u>39,391</u>	<u>38,353</u>
	<u>6,133,876</u>	<u>1,054,140</u>	<u>7,188,016</u>	<u>6,769,946</u>

**Allocation of support costs**

	Allocated to Governance £	Allocated to Charitable activities £	2012 Total £	2011 Total £
<b>Type of cost</b>				
Management and administration	22,800	925,320	948,120	695,904
Information, Communication and Technology	-	106,020	106,020	127,581
	<u>22,800</u>	<u>1,031,340</u>	<u>1,054,140</u>	<u>823,485</u>

**Analysis of governance costs**

	2012 £	2011 £
Professional costs	16,591	15,767
Staff costs	<u>22,800</u>	<u>22,586</u>
	<u>39,391</u>	<u>38,353</u>

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**Notes to the financial statements (continued)**

**8 Other costs**

Included within expenditure in the income and expenditure account and in other costs above are

	2012 £	2011 £
Education and support	646,313	534,543
Occupancy costs	274,352	233,263
Maintenance costs	234,448	218,019
Supplies and services	14,251	16,327
Recruitment and advertising	78,072	54,141
Legal fees	2,340	2,758
Food costs	153,954	148,151
Other	<u>205,450</u>	<u>223,641</u>
	<u><b>1,609,180</b></u>	<u><b>1,430,843</b></u>

**9 Staff number and costs**

The average number of persons (excluding Governors), employed by the Academy during the year was

	Number of employees (full time equivalent)	
	2012 No.	2011 No.
Administration and support	60	60
Teachers	<u>87</u>	<u>84</u>
	<u><b>147</b></u>	<u><b>144</b></u>

The aggregate payroll costs during the year amounted to

	£	£
Wages and salaries	4,318,218	4,076,090
Social security costs	299,677	291,831
Other pension costs	<u>512,863</u>	<u>496,244</u>
	<u><b>5,130,758</b></u>	<u><b>4,864,165</b></u>

The emoluments of one member of staff, including benefits in kind, are within the range of £100,000 - £110,000 (2011 £90,001 - £100,000) and four members of staff, including benefits in kind, are within the range of £60,001 - £70,000 these amounts do not include retirement benefits which are accruing under a defined benefit scheme No other staff members received emoluments greater than £60,000

None of the Governors received any remuneration or any reimbursed expenses from the Charitable Company (2011 None)

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**Notes to the financial statements (continued)**

**10 Deficit for the financial year**

	2012 £	2011 £
<b>Deficit for the financial year is stated after charging</b>		
Depreciation	448,078	474,938
Auditors' remuneration		
For audit services	11,500	13,009
Operating lease costs	<u>13,920</u>	<u>13,920</u>

**11 Governors' and officers' insurance**

In accordance with normal practice the Charitable Company has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 (2011 £2,000,000) on any one claim and the cost for 2012 was £1,000 (2011 £1,000)

**12 Tangible fixed assets**

	Long Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 September 2011	15,775,115	1,458,019	1,721,913	18,955,047
Additions	-	41,812	78,400	120,212
At 31 August 2012	<u>15,775,115</u>	<u>1,499,831</u>	<u>1,800,313</u>	<u>19,075,259</u>
<b>Depreciation</b>				
At 1 September 2011	2,423,847	1,225,562	1,487,597	5,137,006
Charge for the year	315,503	51,700	80,875	448,078
At 31 August 2012	<u>2,739,350</u>	<u>1,277,262</u>	<u>1,568,472</u>	<u>5,585,084</u>
<b>Net book value</b>				
At 31 August 2012	<u>13,035,765</u>	<u>222,569</u>	<u>231,841</u>	<u>13,490,175</u>
At 31 August 2011	<u>13,351,268</u>	<u>232,457</u>	<u>234,316</u>	<u>13,818,041</u>

**Source of funding for assets  
acquired**

Capital grants	13,739,398	888,383	672,534	15,300,315
Private sector	1,976,957	363,386	352,920	2,693,163
Annual Per Capita Grant capital expenditure	58,860	248,062	774,859	1,081,781
<b>Total</b>	<u>15,775,115</u>	<u>1,499,831</u>	<u>1,800,313</u>	<u>19,075,259</u>

The Annual Per Capita grant ("APG") capital expenditure is the proportion of APG funds used for acquiring items of a capital nature

All fixed assets are used for direct charitable purposes and the provision of education

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**Notes to the financial statements (continued)**

**13 Debtors**

	2012 £	2011 £
Prepayments and accrued income	10,224	9,909
Other debtors	<u>45,491</u>	<u>119,077</u>
	<u>55,715</u>	<u>128,986</u>

**14 Creditors: Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	111,583	109,113
Social Security and other taxes	161,366	160,458
Accruals	246,295	279,580
Deferred income (see note 15)	148,774	277,530
Other creditors	<u>433</u>	<u>98,010</u>
	<u>668,451</u>	<u>924,691</u>

**15 Deferred income**

	2012 £	2011 £
At 1 September 2011	277,530	225,006
Transfers to statement of financial activities	(277,530)	(225,006)
Deferred in year	<u>148,774</u>	<u>277,530</u>
At 31 August 2012	<u>148,774</u>	<u>277,530</u>

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**Notes to the financial statements (continued)**

**16 Restricted funds**

The income funds of the Charitable Company comprise the following balances of grants to be applied for specific purposes

	Balance At 31 August 2011	Incoming Resources	Expenditure	Transfers and other gains / (losses)	Balance At 31 August 2012
	£	£	£	£	£
Government capital grant	13,230,920	-	(292,002)	120,212	<b>13,059,130</b>
APG capital expenditure	489,949	-	(138,719)	-	<b>351,230</b>
Private Sector capital sponsorship	<u>97,172</u>	<u>-</u>	<u>(17,357)</u>	<u>-</u>	<u><b>79,815</b></u>
<b>Restricted fixed asset fund</b>	<u><b>13,818,041</b></u>	<u><b>-</b></u>	<u><b>(448,078)</b></u>	<u><b>120,212</b></u>	<u><b>13,490,175</b></u>
EFA grants	644,658	6,134,382	(6,122,736)	(120,212)	<b>536,092</b>
WMBC grants	-	175,988	(175,988)	-	-
West Midlands Consortium	<u>-</u>	<u>16,800</u>	<u>(16,800)</u>	<u>-</u>	<u>-</u>
	644,658	6,327,170	(6,315,524)	(120,212)	<b>536,092</b>
Local Government Pension Scheme	<u>(456,000)</u>	<u>-</u>	<u>(46,000)</u>	<u>(117,000)</u>	<u><b>(619,000)</b></u>
<b>Restricted income fund</b>	<u><b>188,658</b></u>	<u><b>6,327,170</b></u>	<u><b>(6,361,524)</b></u>	<u><b>(237,212)</b></u>	<u><b>(82,908)</b></u>

The government capital funds are provided by the Government for specific capital projects

The private sector capital sponsorship funds are those funds provided by the sponsors for specific capital projects

The restricted income fund is subject to specific expenditure within the Charitable Company's declared objectives. EFA grants relate to Government funding for the provision of education by the Charitable Company. Funding is repayable if the Charitable Company does not meet all funding requirements.

Walsall Metropolitan Borough Council (WMBC) grants relate to local authority funding for the provision of education by the Charitable Company.

Transfers between funds relate to amounts expended on fixed assets from the EFA grant which have been used for the acquisition of fixed assets during the year. The actuarial loss for the year is also shown here.

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**Notes to the financial statements (continued)**

**17 Unrestricted funds**

	Balance At 31 August 2011	Incoming Resources	Expenditure	Transfers and other gains/ (losses)	Balance At 31 August 2012
	£	£	£	£	£
Unrestricted general fund	<u>144,202</u>	<u>410,635</u>	<u>(378,414)</u>	<u>-</u>	<u>176,423</u>

**18 Analysis of net assets between funds**

	Unrestricted Funds	Restricted Fixed Asset Fund	Restricted Income Fund	Total
	£	£	£	£
Tangible fixed assets	-	13,490,175	-	13,490,175
Current assets	176,423	-	1,204,543	1,380,966
Current liabilities	-	-	(668,451)	(668,451)
Pension scheme liability	-	-	(619,000)	(619,000)
	<u>176,423</u>	<u>13,490,175</u>	<u>(82,908)</u>	<u>13,583,690</u>

**19 Capital commitments**

There were £Nil capital commitments at 31 August 2012 (2011 £Nil)

**20 Analysis of net funds**

	At 31 August 2011	Cash flow	At 31 August 2012
	£	£	£
Cash at bank and in hand	<u>1,584,565</u>	<u>(259,314)</u>	<u>1,325,251</u>

**Notes to the financial statements (continued)**

**21 Lease commitments**

The Charitable Company has the following annual commitments under non-cancellable operating leases other than land and buildings which expire as follows -

	2012 £	2011 £
In two to five years	<u>12,920</u>	<u>12,920</u>

**22 Related parties**

The land upon which the Academy is based is owned by The Mercers' Company. Nil rent was paid in the year (2011: £Nil). During the year the Academy received £60,000 in donations from The Mercers' Company.

**23 Pension Scheme**

The Charitable Company is a member of two pension schemes

***Teachers Pension Scheme (TPS)***

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%. The Government Actuary's Department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

**Notes to the financial statements (continued)**

**23 Pension Scheme (continued)**

The pension charge for the year includes contributions payable to the scheme of £390,984 (2011 £366,866)

**Local Government Pension Scheme ("LGPS")**

The support staff are members of the LGPS providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Charitable Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The scheme was formally valued as at 31 March 2007 and was updated by the actuary on an FRS17 basis as at 31 August 2012.

The contribution for the year was £78,879 (2011 £72,838)

The amounts recognised in the balance sheet are as follows

	<b>2012</b>	2011
	<b>£000</b>	£000
Present value of funded obligations	<b>2,540</b>	2,173
Fair value of plan assets	<b><u>1,921</u></b>	<u>1,717</u>
	<b><u>(619)</u></b>	<u>(456)</u>
Amounts recognised as		
Liabilities	<b>(619)</b>	(456)
Assets	<b><u>-</u></b>	<u>-</u>
<b>Net amount recognised</b>	<b><u>(619)</u></b>	<u>(456)</u>

The amounts included within the Statement of Financial Activities are as follows

	<b>2012</b>	2011
	<b>£000</b>	£000
Current service cost	<b>122</b>	129
Interest cost	<b>118</b>	107
Expected return on plan assets	<b>(115)</b>	(102)
Shortfall of contributions against actual	<b>-</b>	-
<b>Total pension cost charged within net incoming/(outgoing) resources</b>	<b>125</b>	134
Actuarial (gains)/losses	<b><u>117</u></b>	<u>(228)</u>
<b>Total amount (credited)/charged to SOFA</b>	<b><u>242</u></b>	<u>(94)</u>

The cumulative amount of actuarial losses recognised is £358,000



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**Notes to the financial statements (continued)**

**23 Pension Scheme (continued)**

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

	2012 £000	2011 £000
Opening defined benefit obligation	2,173	2,131
Current service cost	122	129
Interest cost	118	107
Member contributions	42	42
Actuarial (gains)/losses on liabilities	129	(190)
Benefits paid	<u>(44)</u>	<u>(46)</u>
<b>Benefit obligation at end of year</b>	<b><u>2,540</u></b>	<b><u>2,173</u></b>

Changes in the fair value of the scheme assets are as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	1,717	1,508
Expected return on scheme assets	115	102
Actuarial gains	12	38
Employer contributions	79	73
Member contributions	42	42
Benefits paid	<u>(44)</u>	<u>(46)</u>
<b>Fair value of scheme assets at end of year</b>	<b><u>1,921</u></b>	<b><u>1,717</u></b>

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**Notes to the financial statements (continued)**

**23 Pension Scheme (continued)**

The weighted- average asset allocation at the year end was as follows

<u>Asset category</u>	<b>Expected rate of return</b>	<b>Plan assets at 31/08/2012 £000</b>	<b>Expected rate of return</b>	<b>Plan assets at 31/08/2011 £000</b>
Equities	7.0%	1,045	7.50%	1,141
Government bonds	2.5%	177	3.70%	189
Other bonds	3.4%	190	5.30%	146
Property	6.0%	194	6.50%	215
Other	0.5%	315	0.50%	26
	<u>5.89%</u>	<u>1,921</u>	<u>6.66%</u>	<u>1,717</u>

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the above assumptions.

	<b>2012 £000</b>	<b>2011 £000</b>
The actual return on the scheme assets in the year	<b>127</b>	<b>140</b>

Weighted average assumptions used to determine benefit obligations at

	<b>2012</b>	<b>2011</b>
Discount rate	4.30%	5.30%
Rate of compensation increase	3.70%	4.50%
Rate of pension increase	2.20%	3.00%
CPI Inflation assumption	2.20%	3.00%
	<b>2012</b>	<b>2011</b>
Assumed life expectations on retirement age 65		
Retiring today – males	22.0	21.7
Retiring today – females	24.7	24.9
Retiring in 20 years – males	23.8	23.5
Retiring in 20 years – females	26.6	26.8

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**Notes to the financial statements (continued)**

**23 Pension Scheme (continued)**

Five year history

	Financial year ending in				
	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Benefit obligation at end of year	2,540	2,173	2,131	1,680	1,290
Fair value of plan assets at end of year	1,921	1,717	1,508	1,221	1,197
Surplus/ (deficit)	(619)	(456)	(623)	(459)	(93)
Difference between expected and actual return on scheme assets					
Amount (£000)	(12)	38	64	(181)	26
Percentage of scheme assets	0.6%	2.2%	4.2%	14.8%	2.0%
Experience gains and losses on scheme liabilities					
Amount (£000)	-	66	-	-	(26)
Percentage of scheme liabilities	0.0%	3.0%	0.0%	0.0%	1.7%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	(117)	228	(88)	(318)	(63)
Percentage of scheme liabilities	4.6%	10.5%	4.1%	18.9%	4.9%

**Contributions**

The employer expects to contribute £80,000 in the year to 31 August 2013

**24 Reconciliation of net income to net cash inflow from operating activities**

	2012	2011
	£	£
Net out going resources	(450,211)	(275,914)
Depreciation (note 10)	448,078	474,938
Interest receivable	(3,464)	(3,255)
FRS 17 pension cost less contributions payable (note 23)	43,000	56,000
FRS 17 pension finance charge (note 23)	3,000	5,000
(Increase)/Decrease in debtors	73,271	(54,806)
Increase/(Decrease) in creditors	(256,240)	4,184
Net cash (outflow)/inflow from operating activities	(142,566)	206,147