

REGISTRAR OF COMPANIES

**City of
London
Academy
(Southwark)
Limited**

Reports and Accounts

31 August 2003



Company Limited by Guarantee
Registration Number
4504128 (England and Wales)

Charity Registration Number
1093849



Contents

Reports

<i>Legal and administrative information</i>	1
Trustees' report	3
Independent auditors' report	9

Accounts

Statement of financial activities	11
Balance sheet	12
Principal accounting policies	13
Notes to the accounts	15

Legal and administrative information

Trustees	Mr W B Fraser (Chairman) Mr J Chin Ms R Coker-Adeleke Mr M P Coles (Principal) Mr W H Dove MBE JP The Rev Dr M R Dudley Ms M L Rossi Mr N P Stanton Dr M Tamvakis Mr D H Wootton Ms D J Burgess Ms T Penney Ms A Jones Mr M Bolsover
Secretary	Ms Loretta Jennings
Registered office	Corporation of London PO Box 270 Guildhall London EC2P 2EJ
Company registration number	4504128 (England and Wales)
Charity registration number	1093849
Auditors	Buzzacott 12 New Fetter Lane London EC4A 1AG
Bankers	National Westminster Bank plc Finsbury Square Branch PO Box 549 78 Finsbury Pavement London EC2A 1JA

Legal and administrative information

Solicitors	Comptroller & City Solicitor Corporation of London PO Box 270 Guildhall London EC2P 2EJ
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Trustees' report Period to 31 August 2003

The trustees of City of London Academy (Southwark) Limited (the Academy), who are also directors of the Academy for the purposes of the Companies Act, present their statutory report and the audited accounts for the period from incorporation (6 August 2002) to 31 August 2003.

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

The accounts have been prepared in accordance with the accounting policies set out on pages 13 and 14 of the attached accounts and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000.

Constitution and principal activities

The Academy is a company limited by guarantee and a registered charity which was established on 6 August 2002 to develop a new school in North Southwark. The company's memorandum and articles of association are the primary governing documents of the Academy. Members of the company are nominated either by the Secretary of State for Education and Skills or the Sponsor of the Academy, the Corporation of London. The articles of association require the members of the company to appoint at least three trustees to be responsible for the affairs of the company and the management of the Academy.

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing a secondary school offering a broad curriculum with a strong emphasis on, but not limited to, business and enterprise.

The company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn and that the curriculum should comply with the substance of the national curriculum with emphasis on business and enterprise and their principal applications.

Organisation and objectives

The sole activity of the company is the operation of the Academy to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on business and enterprise. The main objectives of the Academy are summarised below:

- ◆ to raise the standard of educational achievement of all pupils;
- ◆ to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- ◆ to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;

Organisation and objectives (continued)

- ♦ to provide value for money for the funds expended;
- ♦ to comply with all appropriate statutory and curriculum requirements;
- ♦ to conduct our business in accordance with the highest standards of integrity, probity and openness.

Developments and activities during the period

The Academy was launched in temporary accommodation in East Dulwich, SE22, in September 2003. This temporary accommodation will move on to the designated site in North Southwark by September 2004. The permanent school building will open in September 2005, and is currently being constructed at the permanent site.

The Academy has 180 pupils and has had a successful start. It is appropriately staffed with experienced personnel and has a long waiting list of pupils who wish to come to the school. 180 further pupils will start in September 2004 from a total number of applications of 736.

The Academy has a curriculum that more than satisfies legal requirements, and has a comprehensive arts and sports programme. The Academy was formally opened by the Lord Mayor on 14 October 2003.

Operating and financial review

The financial statements have been prepared in accordance with current statutory requirements and the Academy's governing documents.

All of the Academy's income in the period ended 31 August 2003 was obtained from the Department for Education and Skills (DfES) and the Corporation of London in the form of an implementation grant and sponsorship to enable the establishment of the Academy and capital and sponsorship funding towards the construction of the temporary and permanent buildings. The grants and sponsorship received during the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Academy remains dependent on the provision of grants from the DfES.

Reserves policy

The trustees have reviewed the reserves of the charity. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the trustees.

Reserves policy (continued)

The funding received and to be received for the development of the school and all associated capital works are intended to fully cover the costs and therefore the level of reserves is not currently a significant issue. The trustees have therefore determined that the appropriate level of reserves, which are not invested in tangible assets, should be reviewed shortly after the Academy commenced to operate as a school from its permanent site in September 2005.

Trustees

When fully constituted, the Academy's Governing Body (the trustees) will comprise eight trustees nominated by the Sponsor, the Academy's Principal, two parents of pupils at the Academy, one trustee nominated by the London Borough of Southwark, one member of the teaching staff (other than the Principal) and one member of the core staff..

Regard is given to the skills mix of the trustees to ensure that the board of trustees has all the necessary skills required to contribute fully to the Academy's development.

The following trustees were in office at 31 August 2003 and served for the following periods:

Trustee	Appointed/resigned
Mr W B Fraser (Chairman)	Appointed 14 August 2002
Mr M P Coles (Principal)	Appointed 28 April 2003
Mr W H Dove MBE JP	Appointed 6 August 2002
Dame Judith Mayhew	Appointed 14 August 2002; Resigned 4 December 2002
Mr N P Stanton	Appointed 6 August 2002
Mr D H Wootton	Appointed 4 December 2002

Subsequent to the period end Reverend Dr M Dudley, Ms M L Rossi, Ms R Coker-Adeleke, Ms D Burgess, Mr M Bolsover OBE, Ms T Penney, Ms A Jones, Dr Tamvakis and Mr J Chin were appointed as trustees of the Academy. The DiES was represented during the period by Sir Bruce Liddington in his capacity as a member of the Company.

No trustee received any remuneration in respect of their duties as trustees from the Academy during the period. Mr M P Coles is remunerated in his position as school Principal and Ms D Burgess and Ms R Coker-Adeleke are remunerated as employees of the Company.

Governance of the Academy

During the year under review, the trustees held eleven meetings.

The trustees are required by the Companies Act 1985 to prepare accounts for each financial period that give a true and fair view of the state of affairs of the Academy as at the end of the financial period and of the resources received and expended by the Academy for that period.

Governance of the Academy (continued)

The trustees confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the period ended 31 August 2003. The trustees also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The trustees are responsible for keeping proper accounting records, for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are in the process of considering a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Academy faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process, the trustees are reviewing the adequacy of the Academy's current internal controls.

Equal opportunities

The trustees recognised that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Statement of trustees' responsibilities

Company law requires the trustees (who are the directors of the company for the purpose of the Companies Act) to prepare accounts which give a true and fair view of the state of affairs of the Academy at the end of the financial period and of its surplus or deficit for that period. In preparing accounts giving a true and fair view, the trustees 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 accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

Statement on the system of internal financial controls

As governors, the trustees acknowledge they have overall responsibility for ensuring that the Academy has an effective and appropriate system of controls, financial and otherwise. The trustees acknowledge their responsibilities set out in the statement above and additionally for taking steps to provide reasonable assurance that:

- ◆ the Academy is operating efficiently and effectively;
- ◆ its assets are safeguarded against unauthorised use or disposition;
- ◆ proper records are maintained and financial information used within the Academy or for publication is reliable;
- ◆ the Academy complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement. They are 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:

- ◆ budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- ◆ reviews by the trustees 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 guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The Trust has begun a process of drawing up a formal risk management process to assess business risks and implement risk management strategies. This process has not yet been finalised but it will involve identifying the types of risk the charity faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks.

In addition, the trustees will consider the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy, it should, as a publicly funded body, adopt as appropriate these guidelines as best practice.

The governors have appointed Mr. David Wootton, a trustee, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

Trustees' report Period to 31 August 2003

Legal status

The Academy is a company limited by guarantee, without share capital, and a registered charity. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

Auditors

The auditors, Buzzacott, were appointed as first auditors during the period and will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the trustees and signed on their behalf by:

Trustee

William B. K...

Approved by the trustees on: *18 May, 2004*

Report of the independent auditors to the members of City of London Academy (Southwark) Limited

We have audited the accounts on pages 11 to 19 which have been prepared in accordance with the accounting policies set out on pages 13 and 14.

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 6 the trustees, who are also the directors of City of London Academy (Southwark) Limited for the purposes of company law are responsible for the preparation of the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 trustees' report is not consistent with the accounts, if the Academy 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 trustees' remuneration and transactions with the charitable company is not disclosed.

We review whether we are satisfied that the Academy's systems of internal controls are such as to comply with the obligations placed on the Governing Body by the Secretary of State for Education and Skills.

We read other information contained in the trustees' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company'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 accounts 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 accounts.

Independent auditors' report 31 August 2003

Opinion

In our opinion:

- (a) the accounts give a true and fair view of the state of affairs of the Academy as at 31 August 2003 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985;
- (b) the accounts have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial period;
- (c) proper accounting records have been kept by the Academy throughout the financial period;
- (d) grants made by the Department for Education and Skills have been applied for the purposes intended.



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

19 May 2004

Statement of financial activities Period to 31 August 2003

	Notes	General fund £	Restricted funds		2003 Total funds £
			DfES £	Fixed assets £	
Income and expenditure					
Incoming resources					
Grants receivable	1	—	574,640	1,157,918	1,732,558
Sponsorship	2	—	—	500,000	500,000
Total incoming resources		—	574,640	1,657,918	2,232,558
Resources expended					
Charitable expenditure					
Cost of activities in furtherance of the Academy's objectives:					
. Development costs	3	—	497,588	—	497,588
Management and administration of the Academy	4	—	77,052	—	77,052
Total resources expended		—	574,640	—	574,640
Net movement in funds		—	—	1,657,918	1,657,918
Fund balances carried forward at 31 August 2003		—	—	1,657,918	1,657,918

All of the Academy's activities derived from operations commenced during the above financial period.

The Academy 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 its historical cost equivalent.

Balance sheet 31 August 2003

	Notes	2003 £	2003 £
Fixed assets			
Tangible assets	8		1,657,918
Current assets			
Debtors	9	345,225	
Cash at bank and in hand		12,180	
		<u>357,405</u>	
Creditors: amounts falling due within one year	10	<u>(357,405)</u>	
Net current assets			—
Total net assets			<u>1,657,918</u>
Represented by:			
Funds and reserves			
Income funds:			
Restricted funds	11		
. Fixed assets			1,657,918
. DfES			—
			<u>1,657,918</u>

Approved by the trustees
and signed on their behalf by:

William B. Rose
Trustee

Approved on: *18 May, 2004*

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) have been followed in these accounts.

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

Gifts in kind

Gifts in kind provided to the Academy are recognised in the statement of financial activities at their value to the Academy, as determined by the trustees, in the period in which they are receivable, and where the benefit is both quantifiable and material.

Sponsorship

Sponsorship provided to the Academy is recognised in the statement of financial activities in the period in which it is receivable.

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. The costs of activities in furtherance of the Academy's objects comprise expenditure on the primary charitable purposes as described in the trustees' report. Such costs include the development costs incurred in setting up the Academy.
- b. Management and administration costs include expenditure on the administration of the Academy and compliance with constitutional and statutory requirements.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is not charged on capital development works which are ongoing at 31 August 2003.

Fund accounting

The general fund represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Cash flow

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

Taxation

The Academy is a registered charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992.

Notes to the accounts 31 August 2003

1 Grants receivable

	Unrestricted funds £	Restricted funds £	2003 Total funds £
DfES implementation grant			
. Capital funding	—	69,589	69,589
. Revenue funding	—	574,640	574,640
	—	644,229	644,229
DfES capital grant			
. Capital funding	—	1,088,329	1,088,329
	—	1,732,558	1,732,558

2 Sponsorship

	Unrestricted funds £	Restricted funds £	2003 Total funds £
Corporation of London	—	500,000	500,000

3 Development costs

	Unrestricted funds £	Restricted funds £	2003 Total funds £
Staff costs	—	108,757	108,757
Pupil recruitment	—	59,836	59,836
Project management	—	52,343	52,343
Premises costs	—	9,215	9,215
Professional costs	—	81,588	81,588
Staff recruitment	—	24,932	24,932
Office costs	—	45,522	45,522
Academy policies development	—	23,232	23,232
Curriculum development	—	37,778	37,778
Recruitment consultancy	—	49,894	49,894
Relocation costs	—	1,803	1,803
Travel and entertainment	—	2,139	2,139
Miscellaneous expenses	—	549	549
	—	497,588	497,588

4 Management and administration of the Academy

	Unrestricted funds £	Restricted funds £	2003 Total funds £
Staff costs	—	71,552	71,552
Audit fees	—	5,500	5,500
	—	77,052	77,052

5 Staff costs

Staff costs during the year were as follows:

	2003 Total funds £
Wages and salaries	147,278
Social security costs	12,826
Pension costs	20,205
	180,309

The average number of employees during the period, calculated on a full time equivalent basis, was 8.

The number of employees who earned £50,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	2003 Number
£50,000 - £60,000	2
£90,001 - £100,000	1
	3

Employer contributions were made to the Teachers' Pension Scheme in respect of all of the above employees.

6 Trustees' remuneration

None of the trustees received any remuneration in respect of their services during the period. Mr M P Coles is remunerated in his position as school Principal.

Insurance premiums of £6,300 were paid during the year in respect of trustees' indemnity insurance, as allowed by the charitable company's Memorandum and Articles of Association.

Notes to the accounts 31 August 2003

7 Taxation

The Academy is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Tangible fixed assets

	Academy development costs £	Furniture, fittings & equipment £	Total £
Cost or valuation			
Additions	1,481,271	176,647	1,657,918
At 31 August 2003	1,481,271	176,647	1,657,918
Depreciation			
Charge for year	—	—	—
At 31 August 2003	—	—	—
Net book values			
At 31 August 2003	1,481,271	176,647	1,657,918

9 Debtors

	2003 £
DfES implementation grant receivable	179,930
DfES capital grant receivable	153,680
Other debtors	11,615
	345,225

10 Creditors: amounts falling due within one year

	2003 £
Trade creditors	190,437
Other creditors	102,829
Accruals	64,139
	357,405

11 Restricted funds

The income funds of the Academy include restricted funds comprising the following unexpended balances of grants held for specific purposes:

	Incoming resources £	Resources expended £	At 31 August 2003 £
DfES implementation grant fund	574,640	(574,640)	—
Fixed asset fund			
· DfES implementation grant	69,589	—	69,589
· DfES capital grant	1,088,329	—	1,088,329
· Sponsorship	500,000	—	500,000
	1,657,918	—	1,657,918
Total restricted funds	2,232,558	(574,640)	1,657,918

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

DfES implementation grant fund

These grants relate to the Academy's development and cover project management, consultancy and transitional management/staffing costs.

Fixed asset fund

These grants relate to funding received from the DfES and the Corporation of London to carry out works of a capital nature prior to the Academy's opening.

12 Analysis of net assets between funds

	General fund £	Restricted funds		Total 2003 £
		DfES £	Fixed assets £	
Fund balances at 31 August 2003 are represented by:				
Tangible fixed assets	—	—	1,657,918	1,657,918
Current assets	—	23,795	333,610	357,405
Creditors: amounts falling due within one year	—	(23,795)	(333,610)	(357,405)
Total net assets	—	—	1,657,918	1,657,918

13 Pension commitments

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employers and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, both schemes are classed as multi-employer pension schemes. The Academy is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the schemes as if they were defined contribution schemes. The Academy has set out below the latest information available for each scheme.

a) Teachers

Teaching staff are members of the Teachers' Pension Scheme (TPS).

The TPS is an unfunded scheme whereby contributions are made to the government exchequer and pension payments are paid from it. Any deficit is met from government resources on a continuing basis, whereas any excess is deemed to be an investment in government securities and the notional interest credited to the scheme.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The latest actuarial valuation of the scheme was at 31 March 2001 and significant facts concerning the scheme are given below:

Latest actuarial valuation	31 March 2001
Actuarial method	Projected benefits
Investment returns per annum	7.0%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£142,880m
Proportion of members' accrued benefits covered by the actuarial value of the assets	100%

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 April 2002 to 31 March 2003 the employer contribution rate was 8.35%. The rate increased to 13.5% from 1 April 2003.

b) Non-teachers

Non-teachers are members of the Corporation of London's pension scheme. The Academy currently pays employer contributions at an interim rate of 16.4%. A rate which reflects the Academy's liabilities will be determined when the Academy has reached its full staffing complement.