

REGISTRAR OF COMPANIES

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

Reports and Accounts

31 August 2005



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

Charity Registration Number
1093849

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Legal and administrative information

Trustees	Mr W B Fraser (Chairman) Ms J Anderson Mr M Bolsover OBE 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 A Jones Mrs J Partridge Ms M L Rossi Mr N P Stanton Dr M Tamvakis Mr D H Wootton
Secretary	Ms L Jennings
Finance Director & Project Manager	Mr D Sumner
Registered office	City of London Corporation 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
City of London Corporation
PO Box 270
Guildhall
London
EC2P 2EJ

Trustees' report Year to 31 August 2005

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 year ended 31 August 2005.

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 City of London 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 and sport.

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 sport 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 and sport. 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 year

During the year to 31 August 2005, the Academy had its second full year of operation with 180 year 7 pupils joining the existing 180 year 8's who had been in the temporary accommodation in Peckham the previous year. *Over the summer holidays before the new year commenced*, the Academy successfully moved its temporary accommodation from the site two miles further south on the playground of a disused school in Peckham Rye, to what would become the all weather sports pitch on the Bermondsey site. The launch of the Academy was marked by the visit of the Lord Mayor in November 2003.

The main building works continued apace throughout the year, culminating in practical completion being achieved on 13 July 2005. This allowed the Academy to move into its permanent home, as scheduled, in time for the start of the 2005 academic year. The project was completed to time and to budget.

Operating and financial review

The financial statements have been prepared in accordance with current statutory requirements and the Academy's governing documents. The Academy receives recurrent funding from the DfES in respect of its day to day activities as a secondary school. In addition to this the Academy receives a capital grant from the DfES and its sponsor, in respect of the construction of both the temporary and permanent accommodation.

Reserves policy

The trustees have reviewed the reserves of the Academy. 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.

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, will be reviewed shortly after the Academy has consolidated its operations after the move into its new buildings in the coming financial year.

Trustees' report Year to 31 August 2005

Trustees

The Academy's Governing Body (the trustees) comprises 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 2005 and served for the following periods:

Trustee	Appointed/Resigned
Mr W B Fraser (Chairman)	
Mr M Bolsover OBE	
Ms D J Burgess	Resigned 31 December 2004
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 A Jones	
Mr R Knowles	Resigned 25 January 2005
Mrs J Partridge	Appointed 25 January 2005
Ms T Penney	Resigned 28 September 2004
Ms M L Rossi	
Mr N P Stanton	
Dr M Tamvakis	
Mr D H Wootton	

The DfES was represented by Mr B Joicey in his capacity as a member of the Company and by Mr R Elms and Mr M Vacianna in their capacity as officers of the DfES. Ms J Anderson was appointed to the Board after the year end on 22 November 2005, and Mr W H Dove resigned after the year end on 14 March 2006.

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 Mrs J Partridge and Ms R Coker-Adeleke are remunerated as employees of the Academy.

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

Statement of trustees' responsibilities

Company law requires the trustees 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 confirm that they have complied with these requirements. 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;

Statement on the system of internal financial controls (continued)

- ♦ 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 Academy 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 trustees 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.

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.

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, 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

Approved by the trustees on:

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

We have audited the accounts on pages 10 to 21 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 2005

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 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year 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 year;
- (c) proper accounting records have been kept by the Academy throughout the financial year;
- (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

16 May 2006

Statement of financial activities Year to 31 August 2005

			Restricted funds			2005	2004
	Notes	General fund £	DfES £	Other £	Fixed assets £	Total Funds £	Total Funds £
Income and expenditure							
Incoming resources							
Grants receivable	1	—	3,692,339	—	13,662,045	17,354,384	17,631,432
Sponsorship	2	—	—	—	600,000	600,000	550,000
Donations			—	—	7,500	7,500	2,740
Interest receivable		40,562	—	—	—	40,562	—
Other income		79,058	—	480	—	79,538	37,578
Total incoming resources		119,620	3,692,339	480	14,269,545	18,081,984	18,221,750
Resources expended							
Charitable expenditure							
Cost of activities in furtherance of the Academy's objectives:							
. Direct provision of education	3	42,750	2,249,552	480	1,260,215	3,552,997	2,853,993
. Educational support costs	4	21,743	986,340	—	—	1,008,083	572,225
. Development costs	5	—	155,529	—	183,392	338,921	320,922
Management and administration of the Academy	6	—	272,618	—	—	272,618	163,359
Total resources expended		64,493	3,664,039	480	1,443,607	5,172,619	3,910,499
Net movement in funds		55,127	28,300	—	12,825,938	12,909,365	14,311,251
Fund balances brought forward at 1 September 2004		3,083	238,081	—	15,728,005	15,969,169	1,657,918
Fund balances carried forward at 31 August 2005		58,210	266,381	—	28,553,943	28,878,534	15,969,169

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

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 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	10		28,260,651		15,284,866
Current assets					
Debtors	11	1,139,679		2,787,187	
Cash at bank and in hand		1,065,005		372,332	
		<u>2,204,684</u>		<u>3,159,519</u>	
Creditors: amounts falling due within one year	12	<u>(1,586,801)</u>		<u>(2,475,216)</u>	
Net current assets			617,883		684,303
Total net assets			<u>28,878,534</u>		<u>15,969,169</u>
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds	13				
· Fixed assets			28,553,943		15,728,005
· DfES			<u>266,381</u>		<u>238,081</u>
			28,820,324		15,966,086
General fund			<u>58,210</u>		<u>3,083</u>
			<u>28,878,534</u>		<u>15,969,169</u>

Approved by the trustees
and signed on their behalf by:



Trustee

Approved on:

Cash flow statement Year to 31 August 2005

	Notes	2005 £	2004 £
Cash inflow from operating Activities			
<i>Receipts</i>			
DfES Capital grant		14,848,313	13,166,010
DfES Implementation grant		—	179,930
DfES Recurrent grant		3,622,206	2,566,804
Donations		7,500	2,740
City of London Corporation sponsorship		600,000	106,861
Other receipts		527,149	68,985
Other grants		—	8,625
Total receipts		19,605,168	16,099,955
<i>Payments</i>			
Staff costs		2,457,777	1,400,059
Other cash payments		1,098,735	938,720
Total payments		3,556,512	2,338,779
Net cash inflow from operating activities		16,048,656	13,761,176
Capital expenditure and financial investment			
Payments to acquire fixed assets		(15,355,983)	(13,401,024)
Increase in cash		692,673	360,152

A Analysis of changes in net debt

	At 1 September 2004 £	Cash flows £	At 31 August 2005 £
Cash at bank and in hand	372,332	692,673	1,065,005

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 year 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 year 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 year 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 at the following annual rates:

- ◆ Furniture and fittings - 20% p.a.
- ◆ Electronic and electrical equipment - 25% p.a.

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 2005.

Fund accounting

The general fund represents 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.

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 2005

1 Grants receivable

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
DfES capital grant	—	13,662,045	13,662,045	15,078,502
. Capital funding	—	9,465	9,465	29,325
. Revenue funding	—	13,671,510	13,671,510	15,107,827
DfES revenue grants	—	2,718,099	2,718,099	1,431,573
. Recurrent funding	—	964,775	964,775	1,083,407
. Other DfES grants	—	3,682,874	3,682,874	2,514,980
Other grants	—	—	—	8,625
	—	17,354,384	17,354,384	17,631,322

2 Sponsorship

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
City of London Corporation	—	600,000	600,000	550,000

3 Direct provision of education

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
Staff costs	—	1,818,523	1,818,523	1,073,728
Educational supplies	—	233,209	233,209	268,477
Transport	—	39,085	39,085	14,250
Trips and activities	42,750	106,241	148,991	54,032
Courses, Training and conferences	—	52,974	52,974	24,975
Depreciation	—	183,392	183,392	139,884
Temporary accommodation	—	1,076,823	1,076,823	1,278,647
	42,750	3,510,247	3,552,997	2,853,993

4 Educational support costs

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
Staff costs	—	490,678	490,678	272,132
Admissions	—	35,280	35,280	23,581
Lunches	21,743	99,576	121,319	48,557
Office Overheads	—	74,959	74,959	65,553
Premises and insurance	—	275,471	275,471	162,402
Minibus expenses	—	9,467	9,467	—
Miscellaneous expenses	—	909	909	—
	21,743	986,340	1,008,083	572,225

5 Development costs

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
Transitional Transport	—	75,359	75,359	123,295
Staff recruitment	—	31,837	31,837	40,534
ICT Development	—	156,699	156,699	17,209
Depreciation	—	3,350	3,350	139,884
Professional costs	—	14,421	14,421	—
Relocation costs	—	73,617	73,617	—
Miscellaneous expenses	—	(16,362)	(16,362)	—
	—	338,921	338,921	320,922

6 Management and administration of the Academy

	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
Staff costs	—	179,479	179,479	133,348
Audit fees	—	11,300	11,300	8,812
Temporary and other staff costs	—	57,636	57,636	12,793
Professional Fees	—	12,595	12,595	4,759
Travel expenses	—	4,780	4,780	—
Miscellaneous expenses	—	6,828	6,828	3,647
	—	272,618	272,618	163,359

7 Staff costs

Staff costs during the year were as follows:

	2005 Total funds £	2004 Total funds £
Wages and salaries	2,069,353	1,208,507
Social security costs	177,280	110,104
Pension costs	242,047	142,589
	2,488,680	1,461,200

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

	2005 Number	2004 Number
£50,000 - £60,000	2	—
£60,001 - £70,000	2	3
£70,001 - £80,000	1	—
£90,001 - £100,000	1	—
£100,001 - £110,000	—	1
	6	4

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

8 Trustees' remuneration

None of the trustees received any remuneration in respect of their services during the year (2004 - £nil). Mr M P Coles is remunerated in his position as school Principal and Mrs J Partridge and Ms R Coker-Adeleke are remunerated as employees of the Academy.

Insurance premiums of £6,300 (2004 - £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.

9 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.

10 Tangible fixed assets

	Academy development costs £	Furniture, fittings & equipment £	Total £
Cost or valuation			
At 1 September 2004	15,593,182	1,250,099	16,843,281
Additions	13,585,600	833,792	14,419,392
At 31 August 2005	<u>29,178,782</u>	<u>2,083,891</u>	<u>31,262,673</u>
Depreciation			
At 1 September 2004	1,278,647	279,768	1,558,415
Temporary Accommodation (see note 3)	1,076,823	—	1,076,823
Charge for year	—	366,784	366,784
At 31 August 2005	<u>2,355,470</u>	<u>646,552</u>	<u>3,002,022</u>
Net book values			
At 31 August 2005	<u>26,823,312</u>	<u>1,437,339</u>	<u>28,260,651</u>
At 31 August 2004	<u>14,314,535</u>	<u>970,331</u>	<u>15,284,866</u>

11 Debtors

	2005 £	2004 £
Trade debtors	24,695	—
DfES capital grant receivable	734,297	1,890,871
Other debtors	3,730	444,531
Prepayments	162,907	52,101
Accrued income	214,050	399,684
	<u>1,139,679</u>	<u>2,787,187</u>

12 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	1,379,646	1,849,759
Other creditors	184,152	140,215
Accruals	20,208	233,670
Deferred income	2,795	251,572
	<u>1,586,801</u>	<u>2,475,216</u>

13 Restricted funds

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

	At 1 September 2004 £	Incoming resources £	Resources expended £	At 31 August 2005 £
Revenue fund				
. DfES	238,081	3,692,339	(3,664,039)	266,381
. Other	—	480	(480)	—
	<u>238,081</u>	<u>3,692,819</u>	<u>(3,664,519)</u>	<u>266,381</u>
Fixed asset fund				
. Other	—	7,500	—	7,500
. DfES capital grant	14,678,005	13,662,045	(1,443,607)	26,896,443
. Sponsorship	1,050,000	600,000	—	1,650,000
	<u>15,728,005</u>	<u>14,269,545</u>	<u>(1,443,607)</u>	<u>28,553,943</u>
Total restricted funds	<u>15,966,086</u>	<u>17,962,364</u>	<u>(5,108,126)</u>	<u>28,820,324</u>

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 City of London Corporation to carry out works of a capital nature prior to the Academy's opening.

14 Analysis of net assets between funds

	General fund £	Restricted funds			Total 2005 £
		DfES £	Other £	Fixed assets £	
Fund balances at 31 August 2005 are represented by:					
Tangible fixed assets	—	—	—	28,260,651	28,260,651
Current assets	58,210	1,853,182	—	293,292	2,204,684
Creditors: amounts falling due within one year	—	(1,586,801)	—	—	(1,586,801)
Total net assets	<u>58,210</u>	<u>266,381</u>	<u>—</u>	<u>28,553,943</u>	<u>28,878,534</u>

15 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. The employer contribution rate for the year ended 31 August 2005 was 13.5%.

b) Non-teachers

Non-teachers are members of the City of London Corporation'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.

16 Related party transactions

The City of London Corporation is the sponsor of the Academy. As part of the funding agreement with the Secretary of State for Education and Skills, the Corporation has pledged a total of £2 million towards the capital cost of the new Academy. By the end of the year the Corporation had contributed a total of £1.65m to the project. The balance of the £350,000 is being settled over the rest of this financial year and is due to have been received by April 2006.

As agreed in advance with the Department for Education and Skills, in consideration for the Corporation's Department of Technical Services acting as the building's project manager, the Corporation will receive a total of £385,040 inclusive of VAT for these services, which is comparable to industry norms. Up to 31 August 2005 a total of £293,823 had been charged under this arrangement.