

# REGISTRAR OF COMPANIES

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

**Annual Report and Financial  
Statements**

31 August 2012

Company Limited by Guarantee  
Registration Number  
04504128 (England and Wales)

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## **Legal and administrative information**

<b>Governors</b>	Mr W B Fraser OBE (Chairman) Mr R Bannister (Principal) Mr J Chin Ms Elaine Davies The Rev Dr M R Dudley Mrs S Goddard Ms J Hole Mr G Lewis Mr P Scott Mr J L Simons Mr A Smyth Mr S Stanley Mr D H Wootton
<b>Clerk, Secretary and Director of Finance</b>	Mr C Hutton ACA
<b>Registered office</b>	City of London Academy (Southwark) 240 Lynton Road London SE1 5LA
<b>Company registration number</b>	04504128 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	NatWest Finsbury Square Branch PO Box 549 78 Finsbury Pavement London EC2A 1JA
<b>Solicitors</b>	Comptroller & City Solicitor City of London Corporation PO Box 270 Guildhall London EC2P 2EJ

## **Governors' report** Year to 31 August 2012

The Governors of the City of London Academy (Southwark) Limited (the Academy), who are also directors of the Academy for the purposes of company law and trustees for the purposes of charity law, present their statutory report and the audited financial statements for the year ended 31 August 2012

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 25 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005')

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution and principal activities**

The Academy is a company limited by guarantee (Company Registration No 04504128), an exempt charity regulated by the EFA and was established on 6 August 2002 to develop a new school in North Southwark. The Academy's memorandum and articles of association together with the Funding Agreement, dated 4 September 2003, entered into with the Secretary of State for Education are the primary governing documents 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, enterprise and sport

The Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. 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

#### **Legal status**

There are four members of the Academy, W Fraser OBE, D Wootton, Reverend Dr M Dudley and B Joicey (representative of the EFA) who undertake to contribute to the assets of the Academy in the event of it being wound up while he is a member, or within one year after he ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he ceases to be a member

The articles of association require the members of the Academy to appoint at least three Governors to be responsible for the affairs of the Academy and the management of the Academy

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Governors**

The Academy's Governing Body comprises eight Governors nominated by the Sponsor, the Academy's Principal, two parents of pupils at the Academy, one Governor nominated by the London Borough of Southwark, one member of the teaching staff (other than the Principal), one member of the support staff and a Governor co-opted from Industry

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

The Clerk is responsible for Governor induction and training, and has arranged for each Governor to receive a current copy of the Guide to the Law. The London Borough of Southwark offers training days for those requiring them.

The following Governors were in office at 31 August 2012 and served throughout the year, except where shown

Governor	Appointed	Resigned
Mr W B Fraser OBE (Chairman)		
Mr R Bannister (Principal)		
Mr J Chin		
Ms E Davies	13 November 2011	
The Rev Dr M R Dudley		
Mrs S Goddard		
Ms J Hole		
Mr B Howard		13 November 2011
Mr G Lewis		
Ms C McInnes		10 July 2012
Mr J L Simons		
Mr P Scott		
Mr A Smyth		
Mr S Stanley		
Mr D H Wootton*		

\*Mr D H Wootton was elected Lord Mayor of London and was granted leave of Absence for the period of his Mayoralty

No Governor received any remuneration in respect of their duties as Governor from the Academy during the period. Mr R Bannister was remunerated in his position as school Principal, and Mr G Lewis and Mrs S Goddard were remunerated as employees of the Academy.

During the year under review, the Governors held six (2011 – six) Board meetings.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Organisational structure**

The Board of Governors meets twice each term to receive reports from its sub-committees and manage its strategic objectives

The Board has two main committees

- ◆ The Finance and General Purposes Committee, which meets at least termly to consider the annual budget, the management accounts and any premises requirements, and
- ◆ The Curriculum and Community Committee, which meets at least termly to consider curricular and local community issues

The Board has three other Committees that meet on an ad-hoc basis

- ◆ The Audit and Risk Committee, comprising the Responsible Officer, two sponsor governors and the Principal, which meets at least termly to consider the auditor's reports to the Responsible Officer and risk management;
- ◆ The Pay Committee, comprising three sponsor Governors, which meets to review and approve the Principal's recommendations on the salaries of the senior staff, and
- ◆ The Principal's Pay Panel, comprising the Chairmen of the Finance, Audit and Pay Committees which meets annually to set the Principal's pay.

The day to day management is delegated to the Principal, who has appointed a Senior Leadership Team, which meets twice weekly with the Principal

### **Risk management**

The Board of Governors has drawn up a formal risk management process to assess business risks and implement risk management strategies. This has involved 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, then considering the costs of operating particular controls relative to the benefit obtained. The Academy's main risks are

- ◆ Loss of funding by either budget cuts or falling student numbers, and
- ◆ Child protection failings

The Academy is aware of current budgetary concerns and continually reviews its costs to ensure a balanced budget. The Academy has an active pupil recruitment strategy with both open days for year 6 and 6<sup>th</sup> form parents and is currently 3 times oversubscribed for first choice year 7 applicants. The Assistant Principal (Pastoral) is the Child Protection Officer and carries out regular training of all staff on safeguarding issues.

## **OBJECTIVES AND ACTIVITIES**

When setting the objectives of the Academy for the year, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education

### **Organisation and objectives**

The sole activity of the Academy 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,
- ◆ to provide value for money for the funds expended;
- ◆ to comply with all appropriate statutory and curriculum requirements, and
- ◆ to conduct its business in accordance with the highest standards of integrity, probity and openness

### **Strategies and activities**

The Academy has clear targets and strategies which are included in the Academy Development Plan (ADP). The points below underpin these specific targets

- ◆ a fully comprehensive intake,
- ◆ a broad and inclusive curriculum,
- ◆ core business and enterprise (B&E) and information and communications technology (ICT) throughout the school,
- ◆ an annual curriculum and financial plan, and
- ◆ a positive ethos that ensures fairness and transparency for all

### **Equal opportunities**

The Governors recognise 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

**OBJECTIVES AND ACTIVITIES** (continued)

**Disabled persons**

The City of London Academy (Southwark) is committed to providing equal opportunities for all and welcomes

- ◆ applications for employment from those with a disability, and
- ◆ applications for places from pupils with disabilities

The Academy's recruitment process ensures that applicants for posts are shortlisted on the basis of how their qualifications and experience match the specification for the job

The Academy recognises that some disabled people will need adjustments made in order for them to do the job. The Academy will look at what changes could be made to the workplace or to the way work is done and make any changes that are reasonable

If an employee develops a disability, the Academy will make every effort to retain his/her services by making reasonable adjustments to the workplace, the methods of working or by finding another suitable role for her/him

When decisions are made about an individual, the only personal characteristics or circumstances taken into account will be those which are necessary for the proper performance of the work involved

As part of the performance management process, disabled employees will be given the opportunity to discuss what can be done to develop and use their abilities

Disabled pupils applying for a place at the Academy will undergo the standard admissions procedure, offers of a place will be made on the basis laid down in the Admissions Policy and Procedures. The Academy has a commitment to giving priority to children with hearing impairment within Special Needs Admissions

The needs of the disabled have been considered in the design of the new school building and in the equipment purchased for teaching and learning

When planning educational and other activities outside the school day, staff organising the events will carefully consider the types of activity and the adjustments that can be made so that disabled colleagues and pupils can take part fully

The staff and Governors will regularly review the provision it makes for disabled staff and pupils and strive to continuously improve the facilities available





## ACHIEVEMENTS AND PERFORMANCE

### Review of activities

Performance Table – GCSEs 2012	Number of candidates	Percentage
<b>Number of Candidates</b>	<b>181</b>	<b>-</b>
Achieving 5 or more A* to C including English and Maths	110	61
Achieving 5 or more A* to C	173	96
Achieving 5 or more A* to G	179	99
Achieving 1 A* to G	181	100
Achieving an Entry Level Qualification	181	100

### GCE 16-19 (A level)

Table showing the results of the 86 Year 13 students achieving A2 results in the following subjects

Exam Subject A2	A*	A	B	C	D	E	U
Art	0	0	2	4	3	0	0
Biology	0	3	2	1	3	1	1
Business	0	0	1	1	3	2	0
Chemistry	1	2	1	0	1	2	0
Citizenship	0	1	0	3	2	3	2
Drama	0	0	4	2	1	0	0
Economics	0	6	1	6	2	2	0
English Lit	0	0	1	2	2	7	0
EPQ	3	2	3	3	4	0	0
History	0	1	1	3	1	0	0
Mathematics Further	1	1	0	0	0	0	0
Maths	6	3	3	5	6	4	0
Media	0	1	3	5	2	0	0
Music	0	1	0	0	0	0	0
Music Technology	0	1	0	0	2	2	0
Photography	0	0	1	2	0	1	0
Physics	0	3	1	0	1	1	0
Product Design	1	0	1	1	1	0	0
Psychology	0	0	4	2	4	2	0
Religious Studies	0	0	0	0	3	3	0
Sociology	0	0	1	6	2	0	0
Textiles	0	0	1	0	0	0	0
<b>TOTALS &gt;</b>	<b>12</b>	<b>25</b>	<b>31</b>	<b>46</b>	<b>43</b>	<b>30</b>	<b>3</b>

## **Governors' report** Year to 31 August 2012

### **ACHIEVEMENTS AND PERFORMANCE** (continued)

#### **Review of activities** (continued)

Of these 86 students 58 (67%) went to higher education (2011 – 27 (66%)), 9 (10%) Currently in Employment The Academy came in the top 10 schools for students going on into higher education

#### **OFSTED**

The Academy received a full OFSTED inspection on the 5th and 6th October 2011 The Academy received a report showing it was now rated as a good academy with eleven outstanding features, having previously being graded satisfactory The Academy would like to thank students, staff, governors and parents for all their hard work and commitment in gaining external recognition of the excellent progress our Academy is making

#### **Community Involvement**

The Academy has over the year further developed the strong and effective local community links that support student achievement We are very proud of the reading programmes supported by Ernst and Young, our continued work with the Challenge programme, the new mentoring programme supported by Deloitte, the Allen and Overy Smart experience, the creation of two young enterprise companies working in the local community, the extensive sporting competitions and extra-curricular enrichment activities and the impact of the student NatWest bank programme on our year 7 and 8 students We continue to increase the number of national and international links and of course the high number of visitors to the Academy, who always enjoy coming to speak to our students, amongst them Lance Cpl BeHarry, Victoria Cross and Lord Sassoon the first Commercial Secretary to the Treasury

### **FINANCIAL REVIEW**

#### **Results for the year**

The Academy began the year with non capital reserves of £1,367,224 (2011 – £734,612) Following another period of strict fiscal control as well as capital expenditure of £582,212, the Academy reserves stand at £1,668,145 (2011 – £1,367,224)

#### **Income**

The Academy is currently fully funded in year 2 of a 3 year funding agreement protected by a minimum funding decrease cap of 1.5% The Government is looking to implement a national funding formula for future years

## **FINANCIAL REVIEW** (continued)

### **Expenditure**

The Academy staffing expenditure has stabilised this year with staff numbers remaining similar to 2011

Running costs, in line with other new build academies, represent a large part of the Academy's costs and reflect the high energy consumption of IT and building services. Alternative energy sources are being investigated as the cost of energy increases. The Academy buildings are now seven years old and a rolling repainting programme is being undertaken.

The Academy reorganised several areas during the Summer break to make the areas more usable by adding two classrooms to the PE block as well as upgrading the IT backbone and operating software.

### **Reserves policy**

The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA.

The Governors regularly review the reserves of the Academy and consider them to be sufficient for the Academy's requirements and not excessive. However, due to widely anticipated cuts in future funding, the situation will be kept under review.

## **FUTURE PLANS**

As well as the planned extension, the building is now seven years old and funds will be required for re-carpeting, re-decorating, re-desking throughout. Funds are also earmarked to install a wireless network throughout the Academy to allow pupils to bring their own devices.

The Academy has consulted on Federating with Redriff Academy, an outstanding local Primary School, with the objective of being able to support its feeder primary schools.

### **Going Concern**

After making appropriate enquiries, the Governors have a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

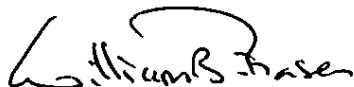
**Governors' report** Year to 31 August 2012

**AUDITOR**

In so far as the Governors are aware:

- ♦ there is no relevant audit information of which the Academy's auditor is unaware, and
- ♦ the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by the Governors and signed on their behalf by



Governor **WILLIAM B FRASER**

Approved by the Governors on **11 December 2012**

## **Governance Statement** Year to 31 August 2012

### **Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that the City of London Academy (Southwark) 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 have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal is 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 statement of Governors' responsibilities. The governing body has formally met six times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Number of meetings Attended</b>	<b>Out of Possible</b>
Mr W B Fraser OBE (Chairman)	6	6
Mr R Bannister (Principal)	6	6
Mr J Chin	4	6
Ms E Davies	5	5
The Rev Dr M R Dudley	4	6
Mrs S Goddard	5	6
Ms J Hole	6	6
Mr B Howard	1	2
Mr G Lewis	6	6
Ms C McInnes	3	3
Mr J L Simons	6	6
Mr P Scott	4	6
Mr A Smyth	6	6
Mr S Stanley	3	3
Mr D H Wootton	1	1

Mr D Wootton was elected Lord Mayor of London and was granted leave of Absence for the period of his Mayoralty.

Ms E Davis was elected, to fill a vacancy and Jane Hole was re-elected as parent Governor. Jude Chin, Paul Scott and Simon Stanley were re-appointed by the Court of Common Council as Sponsor Governors. The appointment of Antony Smyth as a full governor in place of Brian Howard had also been approved by the Court of Common Council.

## **Governance Statement** Year to 31 August 2012

### **Governance** (continued)

Ms C McInness was granted leave of absence to carry out the Duties of an Associate Vice Principal for the Academy in March 2012 and then resigned as LA Governor in July 2012

**The Curriculum and Community Committee** is a sub-committee of the main governing body. Its purpose is to

- ♦ assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure a strategic and systematic approach to promoting high standards of educational achievement, that the curriculum is balanced and broadly-based within the context of the Business & Enterprise and Sports specialisms, and that assessments and examination results are properly reported,
- ♦ to ensure that the admission arrangements for the Academy are consistent with the provisions of primary and secondary law and with the statutory Codes of Practice on Admissions and Appeals, as they relate to the admission arrangements for academies, and conform to the stated procedures laid down for any one year in annex 2 of the Funding Agreement,
- ♦ to review the use of exclusion in the City of London Academy (Southwark) regularly to ensure that the policy on exclusions contained in Annex 4 of the Funding Agreement is observed;
- ♦ to assist the aims of the governing body in the development of the community use of the Academy's facilities and the Academy's role as a centre of education for the community, and
- ♦ to make appropriate comments and recommendations on such matters to the governing body on a regular basis

Major issues will be referred to the full governing body for ratification

Attendance at meetings in the year was as follows

<b>Governor</b>	<b>Number of meetings Attended</b>	<b>Out of Possible</b>
Mr B Howard (Chairman)	1	2
Mr A Smyth (Chairman)	3	4
Ms J Hole (Vice Chairman)	6	6
Mr W Fraser	6	6
Mr R Bannister (Principal)	6	6
Ms E Davies	5	5
Ms S Goddard	6	6
Mr G Lewis	6	6

## **Governance Statement** Year to 31 August 2012

### **Governance** (continued)

**The Finance and General Purposes Committee** is also a sub-committee of the main governing body. Its purpose is to

- ♦ assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances, resources and premises, including proper planning, monitoring and probity, and
- ♦ to make appropriate comments and recommendations on such matters to the governing body on a regular basis

Major issues will be referred to the full governing body for ratification

Attendance at meetings in the year was as follows

<b>Governor</b>	<b>Number of meetings Attended</b>	<b>Out of Possible</b>
Mr W B Fraser OBE (Chairman)	6	6
Mr R Bannister (Principal)	5	6
The Rev Dr M R Dudley	6	6
Mr J L Simons	5	6
Mr P Scott	3	6
Mr S Stanley	3	6

### **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 the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy 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 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 an ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 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.



## Governance Statement Year to 31 August 2012

### Governance (continued)

#### The risk and control framework

The Academy'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 Finance and General Purposes 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, and
- ◆ identification and management of risks

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 David Wootton, a governor, as Responsible Officer ('RO'). As of 12 November 2011, the Governors have granted David Wootton a sabbatical until March 2013, his role during that time will be covered by Jude Chin. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO will report to the governors on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.


#### Review of effectiveness

As Accounting Officer, the Principal 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 Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has advised the finance committee of the implications of his/her review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the governing body and signed on their behalf by

  
(Chair of Governing Body) WILLIAM B FRASER

  
(Principal and Accounting Officer)

Approved on 11 December 2012

R BANNISTER

**Statement on regularity, propriety and compliance** Year to 31 August 2012

As accounting officer of the City of London Academy (Southwark) Limited, I have considered my responsibility to notify the academy trust 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 trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Accounting Officer



Date 11 December 2012

R BANNISTER

## Statement of Governors' responsibilities Year to 31 August 2012

The Governors (who are also the directors of the Academy for the purposes of company law) are responsible for preparing the Governors' 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 Academy 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' Statement of Recommended Practice (the Charities' SORP),
- ◆ make judgments and estimates that are reasonable and prudent,
- ◆ state whether applicable United Kingdom 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 Academy will continue in operation

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

The Governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls, which conform 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.

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

Approved by order of the members of the Governing Body on 11 December 2012 and signed on its behalf by



Chair of the Governing Body

WILLIAM B FRASER

Date 11 December 2012

**1 Independent auditor's report to the members of the City of London Academy (Southwark)**

We have audited the financial statements of the City of London Academy (Southwark) Limited for the year ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the 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 charitable 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**

The Governors act as trustees for the charitable activities of City of London Academy (Southwark) and are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of Governors' responsibilities set out in the Governors' report, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

## **Independent auditor's reports 31 August 2012**

### **Opinion**

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 period then ended,
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006, and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction for 2011/12 issued by the Education Funding Agency

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

In our opinion the information given in the Governors' report for the financial period 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 returns adequate for our audit have not been received from branches not visited by us, or
- ◆ the financial statements are not in agreement with the accounting records and returns, or
- ◆ certain disclosures of governors' remuneration specified by law are not made, or
- ◆ we have not received all the information and explanations we require for our audit



Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

18/12/12

**2 Independent auditor's report on regularity to the governing body of the City of London Academy (Southwark) and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 30 September 2009 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period from 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 the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 governing body and the EFA, for our review work, for this report, or for the opinion we have formed

**Respective responsibilities of the governing body and auditor**

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed or income received during the period from 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

**Basis of opinion**

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA

**Opinion**

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 from 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

18/12/12

## Statement of financial activities Year to 31 August 2012

		Restricted funds		2012	2011
	Unrestricted funds	General fund	Fixed assets	Total Funds	Total Funds
Notes	£	£	£	£	£
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Incoming resources from generating funds					
Voluntary income - donations	205	—	—	205	2,350
Investment income	29,923	—	—	29,923	15,176
Incoming resources from charitable activities					
Funding for the Academy's educational operations	2	—	10,430,430	50,000	10,480,430
Other income	2	257,208	—	—	257,208
<b>Total incoming resources</b>		<b>287,336</b>	<b>10,430,430</b>	<b>50,000</b>	<b>10,767,766</b>
<b>Resources expended</b>					
Charitable activities					
Direct provision of education	3	191,086	9,659,679	1,305,976	11,156,741
Governance costs	5	—	33,868	—	33,868
<b>Total resources expended</b>		<b>191,086</b>	<b>9,693,547</b>	<b>1,305,976</b>	<b>11,190,609</b>
<b>Net incoming (outgoing) resources before transfers</b>		96,250	736,883	(1,255,976)	(422,843)
Gross transfers between funds	12	—	(532,212)	532,212	—
<b>Net movement in funds</b>		96,250	204,671	(723,764)	(422,843)
Fund balances brought forward at 1 September 2011		324,776	1,042,448	22,880,438	24,247,662
<b>Fund balances carried forward at 31 August 2012</b>		421,026	1,247,119	22,156,674	23,824,819

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

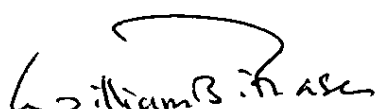
The Academy had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

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

# **Balance sheet** 31 August 2012

	Notes	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible assets	9		22,156,674		22,880,438
<b>Current assets</b>					
Debtors	10	383,515		1,117,280	
Cash at bank and in hand		2,182,961		1,551,089	
		2,566,476		2,668,369	
<b>Creditors</b> amounts falling due within one year	11	(898,331)		(1,301,145)	
<b>Net current assets</b>			1,668,145		1,367,224
<b>Total net assets</b>			23,824,819		24,247,662
<b>Represented by:</b>					
<b>Funds and reserves</b>					
<b>Income funds</b>					
Restricted funds	12				
Fixed assets			22,156,674		22,880,438
General			1,247,119		1,042,448
			23,403,793		23,922,886
Unrestricted funds			421,026		324,776
			23,824,819		24,247,662

Approved by the Governors of the City of London Academy (Southwark), Company Registration No 4504128 (England and Wales) and signed on their behalf by



Governor

WILLIAM B FRASER

Approved on 11 December 2012



## Cash flow statement Year to 31 August 2012

	Notes	Year to 31 August 2012	Year to 31 August 2011 £
<b>Net cash inflow from operating activities</b>	14	<b>1,134,160</b>	93,323
Returns on investment and servicing of finance	15	<b>29,923</b>	15,176
Capital expenditure	16	<b>(532,212)</b>	(116,565)
<b>Increase/(Decrease) in cash in the year</b>		<b>631,871</b>	(8,066)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2011	17	<b>1,551,089</b>	1,559,155
<b>Net funds at 31 August 2012</b>		<b>2,182,960</b>	1,551,089

## **Principal accounting policies 31 August 2012**

### **Basis of accounting**

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

### **Going concern**

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **Incoming resources**

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be recorded with sufficient reliability.

#### **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. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 Governors, 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.

#### **Donations**

Donations are included in the statement of financial activities on a cash received basis.

#### **Other income**

Other income including the hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

**Principal accounting policies** 31 August 2012

### Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a reasonable, justifiable and consistent basis for the cost category concerned.

## Charitable activities

These are costs incurred on the Academy's educational operations

### Governance costs

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

### 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, fittings and equipment - 20% p a
- ◆ Buildings - 4% p a
- ◆ Temporary accommodation - 33% p a and 50% 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 credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

## Fund accounting

The unrestricted general fund represents those monies that 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

## **Principal accounting policies 31 August 2012**

### **Pensions**

Defined benefit schemes

#### *Teachers' pension scheme*

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers Pension Scheme (TPS). The TPS, a statutory, contributory, final scheme salary scheme is administered by Capita Teachers' Pensions.

#### *Local government pension scheme*

Non teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a final salary scheme administered by the City of London Corporation.

As the Academy is unable to identify its share of the underlying real assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for the contributions payable by the Academy in the year.

### **Taxation**

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

# Notes to the financial statements 31 August 2012

## 1 General annual grant (GAG)

	2012 £	2011 £
<b>a. Results and carry forward for the period</b>		
GAG brought forward from the previous year	1,042,448	507,345
GAG allocation for current year	10,017,847	9,456,053
Total GAG available to spend	11,060,295	9,963,398
Recurrent expenditure from GAG	(9,367,363)	(8,761,931)
Fixed assets purchased from GAG	(532,212)	(159,019)
Charge against GAG available	(9,899,575)	(8,920,950)
<b>GAG carried forward to next year</b>	<b>1,160,720</b>	<b>1,042,448</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	1,202,142	1,134,726
	(41,422)	(92,278)
(12% rule breach if result is positive)	No breach	No breach
<b>b. Use of GAG brought forward from previous year for recurrent purposes</b>		
(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	9,367,363	8,761,931
GAG allocation for current year	(10,017,847)	(9,456,053)
GAG allocation for previous year x 2%	(189,121)	(183,976)
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b>(839,605)</b>	<b>(878,098)</b>
(2% rule breached if result is positive)	No breach	No breach

## 2a Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
<b>DfE / EFA revenue grant</b>				
General Annual Grant (GAG) (note 1)	—	10,017,847	10,017,847	9,456,053
Other DfE / EFA Grants	—	190,327	190,327	417,987
	—	10,208,174	10,208,174	9,874,040
<b>Other Government Grants</b>				
Other Grants	—	222,256	222,256	227,371
<b>PfS Capital Grant</b>				
	—	50,000	50,000	700,000
	—	10,480,430	10,480,430	10,801,411

# Notes to the financial statements 31 August 2012

## 2b Other income

	2012 £	2011 £
Contribution to trips	18,748	61,017
VAT grants	—	148,458
Catering receipts	152,975	131,824
Lettings	73,396	73,067
Books and exams	12,089	6,915
	<b>257,208</b>	<b>421,281</b>

## 3 Resources expended

	Non pay expenditure			2012 Total funds £	2011 Total funds £
	Staff costs £	Premises £	Other costs £		
School's educational operations					
Direct costs	6,432,396	1,310,576	840,268	<b>8,583,240</b>	8,792,125
Allocated support costs	1,207,202	945,193	421,106	<b>2,573,501</b>	2,479,666
	<b>7,639,598</b>	<b>2,255,769</b>	<b>1,261,374</b>	<b>11,156,741</b>	<b>11,271,791</b>
Governance costs including allocated support costs	—	—	33,868	<b>33,868</b>	35,897
	<b>7,639,598</b>	<b>2,255,769</b>	<b>1,295,242</b>	<b>11,190,609</b>	<b>11,307,688</b>

	2012 Total funds £	2011 Total funds £
<b>Net incoming (outgoing) resources for the year is stated after charging</b>		
Fees payable to auditor		
Audit	<b>11,250</b>	14,374
Other services	<b>3,300</b>	5,960

## Notes to the financial statements 31 August 2012

### 4 Direct provision of education

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
<b>Direct costs</b>				
Teaching and educational support staff costs	—	5,877,551	<b>5,877,551</b>	6,029,350
Other staff costs	—	554,845	<b>554,845</b>	437,227
Curriculum costs	—	472,072	<b>472,072</b>	397,255
Intervention	—	33,425	<b>33,425</b>	36,562
Provision of external education	—	55,669	<b>55,669</b>	56,234
Trips and pupil related activities	18,747	166,014	<b>184,761</b>	184,558
Courses, Training and conferences	—	61,284	<b>61,284</b>	65,005
Admissions	—	33,057	<b>33,057</b>	26,834
Depreciation	—	1,310,576	<b>1,310,576</b>	1,559,099
	<b>18,747</b>	<b>8,564,493</b>	<b>8,583,240</b>	<b>8,792,124</b>
<b>Support costs</b>				
Support staff costs	19,364	1,081,211	<b>1,100,575</b>	1,093,248
Other staff costs	—	89,519	<b>89,519</b>	77,630
Catering	152,975	—	<b>152,975</b>	124,947
Premises and insurance	—	945,193	<b>945,193</b>	1,001,654
ICT costs	—	191,793	<b>191,793</b>	79,817
Office Overheads	—	74,782	<b>74,782</b>	65,470
Professional fees	—	11,454	<b>11,454</b>	17,031
Minibus expenses	—	7,147	<b>7,147</b>	11,101
Courses & training	—	—	<b>—</b>	3,820
Other expenses	—	63	<b>63</b>	4,949
	<b>172,339</b>	<b>2,401,162</b>	<b>2,573,501</b>	<b>2,479,667</b>
	<b>191,086</b>	<b>10,965,655</b>	<b>11,156,741</b>	<b>11,271,791</b>

### 5 Governance costs

	2012 Total Funds £	2011 Total Funds £
Auditor's remuneration		
Audit fee – current year	<b>11,250</b>	12,000
– prior year	<b>(4,025)</b>	2,374
Other services	<b>7,049</b>	5,960
Governing Body expenses (see note 7)	<b>13,094</b>	9,063
Governors indemnity insurance	<b>6,500</b>	6,500
	<b>33,868</b>	<b>35,897</b>

## Notes to the financial statements 31 August 2012

### 6 Staff costs

Staff costs during the year were as follows

	2012 £	2011 £
Wages and salaries	5,771,979	5,859,996
Social security costs	497,482	491,319
Pension costs	725,773	771,283
	<b>6,995,234</b>	<b>7,122,598</b>

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows

	2012 Number	2011 Number
£60,001 - £70,000	4	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£90,001 - £100,000	—	2
£120,001 - £130,000	1	—
£140,001 - £150,000	—	1
	<b>7</b>	<b>7</b>

Employer contributions were made to the Teachers' Pension Scheme or the Local Government Pension Scheme in respect of all of the above employees. During the year to 31 August 2012, pension contributions for these staff members amounted to £93,559 (2011 - £71,281)

The average number of persons employed by the Academy during the year ended 31 August 2012 was as follows

Charitable activities	2012 £	2011 £
Teachers	84	85
Administration, catering and support	87	87
Management	11	11
	<b>182</b>	<b>183</b>

### 7 Governing Body's remuneration

The Principal and the two staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The total value of remuneration paid to staff who were also Governors was £206,255 (2011 - £191,255) of which the highest paid Governor was paid £125,000 (2011 - £120,000)



## Notes to the financial statements 31 August 2012

### 7 Governing Body's remuneration (continued)

The value of Governors' remuneration was as follows

	2012 £'000	2011 £'000
R Bannister, Principal and Governor	120 – 125	30 – 35
M Coles, Principal and Governor	—	100 – 105
G Lewis, Staff Governor	60 – 65	55 – 60
S Goddard, Staff Governor	20 – 25	5 – 10
A Myers, Staff Governor	—	15 – 20

During the year ended 31 August 2012, travel and subsistence expenses totalling £nil (2011 - £nil) were reimbursed to no Governors (2011 - none). Governing Body's expenses (note 5) include amounts payable to Southwark Local Authority for the provision of clerking services and training costs.

Other related party transactions involving the trustees are set out in note 21.

Insurance premiums of £6,500 (2011 - £6,500) were paid during the year in respect of Governors' indemnity insurance, as allowed by the charitable Academy's Memorandum and Articles of Association.

### 8 Taxation

The Academy is an exempt charity regulated by the EFA and therefore is not liable to corporation tax on income derived from its charitable activities, as these fall within the various exemptions available to registered charities.

### 9 Tangible fixed assets

	Long leasehold land and buildings £	Furniture, fittings & equipment £	Total £
<b>Cost or valuation</b>			
At 1 September 2011	31,484,878	3,841,741	35,326,619
Additions	461,395	125,417	586,812
Disposals	—	(27,666)	(27,666)
At 31 August 2012	31,946,273	3,939,492	35,885,765
<b>Depreciation</b>			
At 1 September 2011	8,925,996	3,520,185	12,446,181
Charge for year	1,179,396	131,180	1,310,576
Eliminated on disposal	—	(27,666)	(27,666)
At 31 August 2012	10,105,392	3,623,699	13,729,091
<b>Net book values</b>			
At 31 August 2012	21,840,881	315,793	22,156,674
At 31 August 2011	22,558,882	321,556	22,880,438

## Notes to the financial statements 31 August 2012

### 9 Tangible fixed assets (continued)

The land on which the school is built is held under a 999 year lease from Southwark Council. The lease was granted on 12 November 2004 for a peppercorn rent of £1 per annum if demanded and has not been included in the financial statements as the site is designated for educational purposes only and has no open market value.

### 10 Debtors

	2012 £	2011 £
Trade debtors	62,960	79,995
Other debtors	7,547	10,635
Prepayments and accrued income	173,529	856,810
VAT recoverable	139,479	169,840
	<b>383,515</b>	<b>1,117,280</b>

### 11 Creditors' amounts falling due within one year

	2012 £	2011 £
Trade creditors	468,372	451,096
Other creditors	62,564	118,943
Taxation and social security	157,323	162,591
VAT grant repayable	—	176,143
Accruals	210,072	392,372
	<b>898,331</b>	<b>1,301,145</b>

### 12 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 2011 £	Incoming resources £	Resources expended £	Transfers £	At 31 August 2012 £
<b>Revenue Fund</b>					
EFA revenue grant fund					
General Annual Grant (GAG)	1,042,448	10,017,847	(9,367,363)	(532,212)	<b>1,160,720</b>
Other EFA Grants	—	190,327	(103,928)	—	<b>86,399</b>
Other Government Grants	—	222,256	(222,256)	—	—
	<b>1,042,448</b>	<b>10,430,430</b>	<b>(9,693,547)</b>	<b>(532,212)</b>	<b>1,247,119</b>
<b>Fixed asset fund</b>					
PfS capital grant	22,880,438	50,000	(1,305,976)	532,212	<b>22,156,674</b>
<b>Total restricted funds</b>	<b>23,922,886</b>	<b>10,480,430</b>	<b>(10,999,523)</b>	<b>—</b>	<b>23,403,793</b>

**12 Restricted funds (continued)**

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

*Revenue fund*

This fund represents grants received for the Academy's operational activities and development

*Fixed asset fund*

This fund represents the carrying value of the fixed assets that have been funded by grants from the EFA and its predecessor bodies and private sponsors.

*Transfers*

The transfer from the EFA revenue reserve to the fixed asset fund represents funds used to purchase items of a capital nature

**13 Analysis of net assets between funds**

	Unrestricted fund £	Restricted funds		Total 2012 £
		General £	Fixed assets £	
<b>Fund balances at 31 August 2012 are represented by.</b>				
Tangible fixed assets	—	—	22,156,674	<b>22,156,674</b>
Current assets	421,026	2,145,450	—	<b>2,566,476</b>
Creditors amounts falling due within one year	—	(898,331)	—	<b>(898,331)</b>
<b>Total net assets</b>	<b>421,026</b>	<b>1,247,119</b>	<b>22,156,674</b>	<b>23,824,819</b>

**14 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.

**14 Pension commitments** (continued)

a) Teachers

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

Teachers' Pension Scheme (TPS)

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

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

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

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

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

**14 Pension commitments (continued)**

a) Teachers (continued)

Teachers' Pension Scheme (TPS) (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

b) Non-teachers

Non-teachers are members of the City of London Corporation's Local Government pension scheme.

Contributions are paid to the Scheme by the Academy to provide for the benefits which will become payable to Scheme members when they fall due. The Academy currently pays employer contributions at an interim rate of 17.2%. A rate which reflects the Academy's liabilities will be determined when the Academy has reached its full staffing complement at the next valuation.

## Notes to the financial statements 31 August 2012

### 14 Pension commitments (continued)

#### b) Non-teachers

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The latest actuarial valuation of the scheme was at 31 March 2010 and significant facts concerning the whole scheme are given below

Latest actuarial valuation	31 March 2010
Actuarial method	Projected benefits
Discount rate	6.9%
Salary scale increases per annum	5.0%
Pension increases	3.0%
Market value of assets at date of last valuation	£549.3m
<i>Proportion of members' accrued benefits covered by the actuarial value of the assets</i>	<i>86%</i>

### 15 Reconciliation of net expenditure to net cash inflow from operating activities

	2012 £	2011 £
Net expenditure	(422,843)	(67,468)
Depreciation (note 10)	1,310,576	1,559,099
Profit on disposal of tangible fixed assets	(4,600)	—
Capital grants from the EfA and other capital income	(50,000)	(700,000)
Interest receivable	(29,923)	(15,176)
Decrease / (Increase) in debtors	733,764	(978,113)
(Decrease) / Increase in creditors	(402,814)	294,981
<b>Net cash inflow from operating activities</b>	<b>1,134,160</b>	<b>93,323</b>

### 16 Returns on investment and servicing of finance

	2012 £	2011 £
Interest received	29,923	15,176
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>29,923</b>	<b>15,176</b>

### 17 Capital expenditure and financial investment

	2012 £	2011 £
Purchase of tangible fixed assets	(586,812)	(816,565)
Capital grants from the EfA	50,000	700,000
Receipts from sale of tangible fixed assets	4,600	—
<b>Net cash inflow (outflow) from capital expenditure and financial investments</b>	<b>(532,212)</b>	<b>(116,565)</b>

**18 Analysis of changes in net funds**

	At 1 September 2011 £	Cash flows £	At 31 August 2012 £
Cash at bank and in hand	1,551,089	631,871	<b>2,182,960</b>

**19 Contingent liabilities**

**Funding agreement**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

**20 Related party transaction**

Owing to the nature of the Academy's operation and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.