

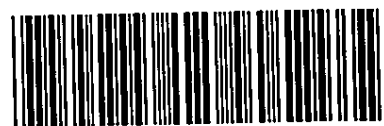
The Langley Academy

Annual Report and Financial Statements

31 August 2011

Company Limited by Guarantee
Registration Number 05358533
(England and Wales)

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Reference and administrative information

Governors	Ms Valerie Bragg (Chair) Dr William Alexander Sir Martyn Arbib Mrs Cheryl Bennett Mr Peter Blewett Mrs Elizabeth Croft Ms Catherine Ensby Ms Julie Evans Mr Iwan Jones Mr Paul Mains Mrs Annabel S Nicoll Mr Christopher Rogers Mrs Linda R Sanderson Mr Sanjeev Sharma
Company Secretary	Mr Jagjeevan Lal Desorh
Acting Principal Director of Finance	Mr Peter Blewett Mr Jagjeevan Lal Desorh
Registered office	The Langley Academy Langley Road Langley Slough Berkshire SL3 7EF Tel 01753 214440 Fax 01753 596321
Company registration number	05358533 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Barclays Bank plc
4th Floor Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

Solicitors Memery Crystal LLP
44 Southampton Buildings
London
WC2A 1AP

Governors' report Year to 31 August 2011

The Governors of The Langley Academy ('the Academy'), who are also directors of the company for the purposes of the Companies Act and trustees for the purposes of charity law, present their statutory report together with the financial statements of the charitable company for the year ended 31 August 2011

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 18 to 21 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

The Academy is a company limited by guarantee with no share capital (Company Registration No 05358533) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated either by the Secretary of State for Education or the sponsor of the Academy, The Arbib Foundation. The members of the charitable company are Sir Martyn Arbib, Mrs Annabel Nicoll, Mrs Linda Sanderson and Mr Paddy Nicoll, and in accordance with the articles of association of the charitable company they have the powers to appoint or remove Governors.

As at 1 August 2011, the Academy became an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006. At this date, the principal regulator of the Academy changed from the Charity Commission to the Department for Education (DfE). The Young People's Learning Agency (YPLA) carries out the role of principal regulator on behalf of the DfE.

As an Academy, The Langley Academy is a state school funded directly by the DfE and not via the local education authority. The Academy is entirely dependent upon state funding for its operational costs.

In accordance with the articles of association, the company 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, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science.

Legal status and members' liability

The Academy is a company limited by guarantee, without share capital, and a registered charity. Each member of the charitable 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The Academy has provision for the following Governors: six sponsor Governors, a Governor or representative of the Arbib Foundation, the Principal (ex-officio), one teacher (other than the Principal), a non-teaching staff governor, a local education authority governor and a parent of a pupil at the Academy. In addition, the Academy may appoint up to four co-opted Governors.

Each Governor has taken responsibility for monitoring the Academy's activities in specific operational areas and constant regard is had 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.

During the year under review the Governors held three full meetings. In addition, there were meetings of the Governing Body committees covering Museum Learning, Student Achievement, Business, Health and Safety and Personnel and Payroll. All new Governors, who are recruited on their ability to play an active part in the governance of the Academy, are interviewed by experienced Governors, given a tour of the Academy and an opportunity to meet with the Principal prior to their first full meeting. In addition they are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as Governors. They are also referred to the Academies Financial Handbook and The Langley Academy's Funding Agreement.

The Governors are directors of the charitable company for the purposes of the Companies Act 2006. The following Governors were in office at 31 August 2011 and served throughout the year except where shown.

Governors	Appointment date	Cessation date
Dr William Alexander		
Mr Imran Amod		22 July 2011
Sir Martyn Arbib		
Mrs Cheryl Bennett		
Mr Peter Blewett	13 May 2011	
Mr Christopher Bowler		21 July 2011
Ms Valerie Bragg (Chair)		
Mrs Elizabeth Croft	19 October 2011	
Ms Catherine Ensby		
Ms Julie Evans		
Mr Iwan Jones		
Mr Paul Maids		
Mrs Annabel S Nicoll		
Mr Christopher Rogers		
Mrs Linda R Sanderson		
Mr Sanjeev Sharma	14 October 2011	
Mrs Sonia Smith		22 July 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors (continued)

No Governor received any remuneration in respect of their duties as a Governor from the Academy during the year (2010 – none)

Mr Peter Blewett is remunerated in his position as Acting Principal and Ms Cheryl Bennett and Mrs Elizabeth Croft are remunerated as employees of the Academy, and Mr Christopher Bowler and Mr Imran Amod were also remunerated as employees during the year

Organisational structure

The Academy management structure consists of three levels the Governors, the Directorate and the remaining Leadership Team The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments

The Directorate comprises the Acting Principal and Directors These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them

The Leadership Team includes the Directorate and also appointed Heads of Faculty, Heads of House and other Heads of Department These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students

Connected organisations

The Arbib Foundation is the sponsor to the Academy, and has donated £2,472,000 to date, to assist the Academy in achieving its objectives The Suva Foundation is also linked to Annabel Nicoll, a Governor of the Academy, and has made donations to the Academy during the financial year to assist with its objectives

Risk management

The Governors have reviewed the major risks to which the Academy is exposed, both those relating to the capital project and its finances and to the Academy's operations The Governors have expressed concern to the DfE regarding the inadequacy of DfE funding and the level of GAG funding permitted to be carried forward to ensure the long term sustainability of the initial capital expenditure on tangible assets, whilst ensuring adequate resources remain available for day-to-day operations The DfE have acknowledged recognition of this issue Subject to this concern, the Governors are satisfied that appropriate measures are in place to limit and manage those risks

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The objects of the charitable company are to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, science and museums

The Governors are carrying out these objects by establishing The Langley Academy, funded by the DfE and a sponsor, The Arbib Foundation, to provide education for pupils of all abilities between the ages of 11 and 18. The Langley Academy teaches the full national curriculum but extra emphasis is placed on science education, contacts with museums and sport

The Langley Academy Vision

The Langley Academy aims for the highest achievement for all, providing a welcoming, imaginative and creative environment, which enriches the lives of all involved, where people are valued and make positive contributions to the school community, and where students go on to become responsible, independent members of society

Strategies and activities

The Academy opened for educational operations on 1 September 2008. In its first three years the Academy has successfully established an operating infrastructure, systems and procedures, as well as implementing the various policies approved by the Governors

The Academy regularly monitors progress against its detailed operational plans and strategic plans in order to meet its vision.

In June 2011 the Academy had an Ofsted inspection. The Academy was judged overall as satisfactory with a good capacity for sustained improvement. The report highlighted a number of good areas of performance as well as areas for improvement for the Academy. The management of the Academy have formulated an action plan to respond to the areas highlighted for improvement.

A new Principal Designate, Rhodri Bryant, has been appointed and is expected to take up post by April 2012 or sooner. The Governors are confident this strategic appointment will further enhance the development of the Academy.

Charitable purposes for public benefit

In setting the objectives and planning the activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

OBJECTIVES AND ACTIVITIES (continued)

Charitable purposes for public benefit (continued)

During the financial year the Academy furthered its charitable purposes for the public benefit by teaching the full national curriculum and a broader curriculum to 11 to 16 year olds. The Academy successfully maintained the size of its Sixth Form to enable its Key Stage 4 students to continue into Further Education as well as providing an opportunity to other local students. In addition, many of the students in the Upper Sixth Form successfully progressed to higher education or careers.

The Academy has a selection procedure which bands applicants according to ability. In each of these 9 bands the 20 applicants residing closest to the Academy are selected. The Academy believes this enables it to best serve the educational needs of the local community. There is no restriction on access based on ability to pay.

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.

Disabled persons

The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy achieves this through adapting the physical environment, by making support resources available and through training and career development. The building and site includes lifts, ramps and disabled toilets and door widths that are adequate to enable wheelchair access to all the main areas of the Academy.

ACHIEVEMENTS AND PERFORMANCE

Student population

The Academy continues to be a top choice for the local community for secondary education and was again over-subscribed for admissions for the new academic year. The Academy also maintained the number of students choosing to enter Further Education.

Examination results

Academy students performed well in their GCSE and A-Level examinations, with healthy improvements in the success rates from the previous year.

At A-Level, the headline figure of A*-E passes was 96% which represented a 13% improvement on the previous year. At GCSE the headline figure of five A*-C passes was 93% which represented a 28% improvement on the previous year. The pass rate for A*-C including English and Maths was 55%, an increase of 11% on last year and the Academy's best results to-date.

FINANCIAL REVIEW

Financial report for the period

The Statement of Financial Activities on page 15 show a deficit for the year before actuarial gains on the Local Government Pension Scheme of £458k (2010 – deficit of £558k) The deficit is stated after the annual depreciation charge of £1,345k (2010 – £1,301k), which is set against the restricted fixed asset fund

Unrestricted funds increased to £572k This was primarily due to a transfer of £493k from restricted general funds following agreements with donors and sponsors

As shown in note 15, general restricted funds increased by £136k (2010 – £215k) This was mainly due the surplus generated on GAG recurrent funds and a one-off Headroom grant received from the Slough Local Authority towards the year-end This was offset by the transfer to unrestricted general funds as mentioned above

The pension reserve shows a decrease in the Local Government Scheme Pension deficit to £312k (2010 – £447k) Further details are shown in note 25 The DfE have previously stated that Academies are not expected to fund the deficit as a lump sum, but that it will continue to be addressed through employer contribution rates over future periods, from the General Annual Grant

Note 1 shows that cumulative GAG reserves remain within the DfE maximum 12% threshold rule Any reserves accumulated above this threshold have to be surrendered back to the DfE

Reserves policy

The Governors have reviewed the reserves of the charity This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves The Governors will keep the level of reserves under review

The Governors are satisfied with the way that expenditure during the year has been applied from various restricted reserves, which optimise the future available reserves for the Academy's operations As part of the budgeting process, the Governors have reviewed the appropriate level of reserves to be retained from income received during the year ended 31 August 2011 to allow the Academy to continue operations in future periods

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

The Governors have expressed concern to the DfE regarding the inadequacy of DfE funding and the level of GAG funding permitted to be carried forward to ensure the long term sustainability of the initial capital expenditure on tangible assets, whilst ensuring adequate resources remain available for day-to-day operations The DfE have acknowledged recognition of this issue

Governors' report Year to 31 August 2011

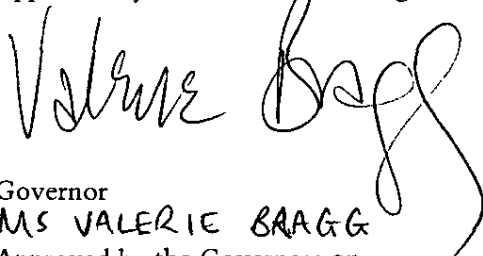
PLANS FOR FUTURE PERIODS

The Academy has secured capital funding of £250k from the YPLA to build an extension to the Sixth Form Centre. This will provide three new classrooms to support the development of the Sixth Form.

A Head of Museum Learning has been appointed at the start of the new academic year to continue positioning museum learning at the heart of the Academy to support learning and teaching. This post is fully funded by the sponsor.

A new Principal Designate, Rhodri Bryant, has been appointed and is expected to take up post by April 2012 or sooner. The Governors are confident this strategic appointment will further enhance the development of the Academy.

Approved by the Governors and signed on their behalf by



Governor
MS VALERIE BAAGG
Approved by the Governors on

12 December 2011

Statement of internal control Year to 31 August 2011

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Langley Academy has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 Langley Academy and the Secretary of State for Education. The Principal is responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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 a reasonable, and not absolute, assurance of effectiveness. The system is based on an ongoing process designed to identify and prioritise risks to the achievement of The Langley Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their likely impact, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 August 2011 and up to the date of the approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which The Langley Academy is exposed, together with the operating, financial and compliance controls that have been put in place to mitigate those risks. The Governing Body is of the opinion that there is a formal ongoing process for identifying, evaluating and managing the significant risks that The Langley Academy has faced during 2010/11 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The Langley Academy's system of internal 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 reporting which are reviewed by the Governing Body,

Statement of internal control Year to 31 August 2011

The risk and control framework (continued)

- ◆ regular reviews by the Business Committee of reports providing details of financial performance against budgets and forecasts and of major purchasing plans, capital works and expenditure programmes,
- ◆ target setting to measure financial and operational performance;
- ◆ clearly defining purchasing, both asset and 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 Linda Sanderson as The Langley Academy's Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on The Langley Academy's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

In the year ended 31 August 2011, the Governors confirm that the RO function has been fully delivered in line with requirements of the YPLA and the RO is not aware of any material internal control issues in the year.

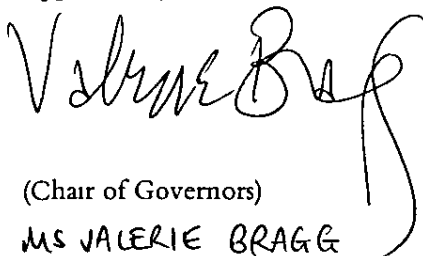
Review of effectiveness


As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year to 31 August 2011 this has been informed by

- ◆ the work of the RO,
- ◆ the work of the external auditor,
- ◆ the financial management and governance self assessment process,
- ◆ the work of the Directorate and Leadership Team members within The Langley Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer and relevant Directorate and Leadership Team members have had ongoing discussions with the Business Committee concerning the system of internal control and action has been taken to enable continuous improvement of the system.

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


(Chair of Governors)
MS VALERIE BRAGG


(Acting Principal and Accounting Officer)
MR PETER BLEWETT

Statement of Governors' responsibilities Year to 31 August 2011

The Governors (who act as trustees for the charitable company and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and financial statements in accordance with the Annual Accounting Requirements of the Young People's Learning Agency, applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

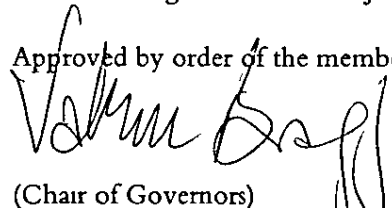
- ◆ select suitable accounting policies and then apply them consistently,
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP),
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether 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 charitable company will continue in operation.

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

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

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

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



(Chair of Governors)

MS VALERIE BRAGG

Date

12/12/2011

Independent auditor's report 31 August 2011

Independent auditor's report to the members of The Langley Academy

We have audited the financial statements of The Langley Academy for the year ended 31 August 2011, 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 2010/11 issued by the Young People's Learning 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 the Governors and the auditor

The Governors act as trustees for the charitable activities of the The Langley Academy and are also the directors of the charity for the purposes of company law.

As explained more fully in the statement of Governors' responsibilities, 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 charity'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.

Opinion on financial statements

In our opinion

- ◆ the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year 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 requirements of the Companies Act 2006, and
- ◆ the financial statements have been prepared in accordance with the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency

Opinion on other matter prescribed by the Companies Act 2006

- ◆ In our opinion, the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and


Opinion on other matter prescribed by the Young People's Learning Agency

- ◆ In our opinion grants made by the Young People's Learning Agency have been applied for the purposes' intended

Matters on which we are required to report by exception

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

- ◆ adequate accounting records have not been kept, or
- ◆ the financial statements are not in agreement with the accounting records, 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



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

19 December 2011

Statement of financial activities Year to 31 August 2011

		Restricted funds				
	Notes	Unrestricted funds £	Fixed Assets £	General Funds £	2011 Total funds £	2010 Total funds £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	—	—	50,253	50,253	130,722
Interest receivable	3	7,456	—	—	7,456	5,504
Incoming resources from charitable activities						
Funding for the Academy's educational operations and development	4	—	77,914	8,264,517	8,342,431	8,085,538
Other educational incoming resources	5	3,398	—	122,965	126,363	112,420
Total incoming resources		10,854	77,914	8,437,735	8,526,503	8,334,184
Resources expended						
Charitable activities						
Academy's educational operations	7	—	1,344,895	7,620,780	8,965,675	8,868,697
Governance costs	8	—	—	18,586	18,586	23,307
Total resources expended	6	—	1,344,895	7,639,366	8,984,261	8,892,004
Net incoming (outgoing) resources before transfers		10,854	(1,266,981)	798,369	(457,758)	(557,820)
Transfers between funds	15	492,560	246,012	(738,572)	—	—
Net incoming (outgoing) resources before other recognised gains and losses		503,414	(1,020,969)	59,797	(457,758)	(557,820)
Other recognised gains and losses						
Past service gain	25	—	—	—	—	43,000
Actuarial gains (losses) on defined benefit pension scheme	25	—	—	211,000	211,000	(42,000)
Net movement in funds		503,414	(1,020,969)	270,797	(246,758)	(556,820)
Fund balances brought forward at 1 September 2010		68,725	31,019,615	568,266	31,656,606	32,213,426
Fund balances carried forward at 31 August 2011		572,139	29,998,646	839,063	31,409,848	31,656,606

All of the Academy's activities derived from continuing operations during the above two financial periods. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the above Statement of Financial Activities.

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

Balance sheet 31 August 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	12		29,850,948		30,919,065
Current assets					
Stock		22,306		22,355	
Debtors	13	173,023		217,850	
Short term deposits		2,500,000		1,800,000	
Cash at bank and in hand		415,345		325,024	
		3,110,674		2,365,229	
Creditors amounts falling due within one year	14	(1,239,774)		(1,180,688)	
Net current assets			1,870,900		1,184,541
Net assets excluding pension liability			31,721,848		32,103,606
Pension scheme liability	25		(312,000)		(447,000)
Net assets including pension scheme liability			31,409,848		31,656,606
Represented by					
Funds and reserves					
Income funds:					
Restricted funds	15				
General restricted funds			1,151,063		1,015,266
Pension reserve			(312,000)		(447,000)
			839,063		568,266
Fixed assets			29,998,646		31,019,615
Total restricted funds			30,837,709		31,587,881
Unrestricted funds					
General fund			572,139		68,725
			31,409,848		31,656,606

Approved by the Governors
and signed on their behalf by

Governor

MS VALERIE BRAGG

Approved on

Valerie Bragg
12/12/2011

The Langley Academy

Company Registration number 05358533 (England and Wales)

Cash flow statement Year ended 31 August 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	21	973,879	466,152
Returns on investment and servicing of finance	22	7,456	5,504
Capital expenditure	23	(191,014)	(555,345)
Increase/(decrease) in cash in the year	24	790,321	(83,689)
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2010		2,125,024	2,208,713
Net funds at 31 August 2011	24	2,915,345	2,125,024

Principal accounting policies 31 August 2011

Basis of preparation

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 YPLA and the Companies Act 2006. A summary of the principal accounting policies is set out below.

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Income relating to future years' operations is deferred.

Sponsorship income

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

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Resources expended and the basis of apportioning costs

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

Prior to 31 March 2011, all costs were inclusive of irrecoverable VAT although the Academy received a VAT Grant as part of its GAG funding. Since 1 April 2011, the Academy has been able to reclaim VAT paid but is not entitled to a VAT Grant. Costs are stated net of recoverable VAT from this date.

Resources expended and the basis of apportioning costs (continued)

Allocation of costs

In accordance with SORP 2005, expenditure has been analysed between, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

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

Tangible fixed assets are stated at cost less depreciation except to the extent that certain assets are not in use in the period, in which case depreciation is not charged in that period.

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

Where tangible 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 lives.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- | | |
|--|--------------------------------------|
| ♦ Freehold buildings | 2% on a straight line basis |
| ♦ Computer equipment | 33 3% on a straight line basis |
| ♦ Fixtures, fittings and equipment
and motor vehicles | 20% on a straight line balance basis |

Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Stocks

Stocks are represented by unsold school uniforms which are valued at the lower of cost and net realisable value.

Pensions

Academy staff are members of one of two multi employer defined benefit pension schemes. More details of the schemes are given in note 25 to the accounts.

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 is a statutory, contributory, final salary scheme, contracted out of the State Earnings-Related Pension Scheme ('SERPS') and is administered by Teachers' Pensions on behalf of the Department for Education. The assets of TPS are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme on a consistent and reasonable basis. The Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme (LGPS)

Non teaching members of staff are able to join the Royal County of Berkshire Local Government Pension Scheme (LGPS).

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. The Academy's share of the LGPS assets are measured at fair value as at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method and are discounted at a rate equivalent to the current rate of return on a high quality bond of equivalent term and currency to that of the liabilities. The actuarial valuations are obtained at least triennially. The amounts charged to operating surplus are the current service costs and the gains and losses on settlements and curtailments. They are included as part of the staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Personal pension plans

Contributions made by the Academy in respect of employees' personal pension plans are charged to the statement of financial activities in the period in which they are payable to the scheme.

Principal accounting policies 31 August 2011

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

Taxation

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the charitable company is potentially exempt from taxation in respect of income and 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 2011

1 General Annual Grant (GAG)

	2011 £	2010 £
a. Results and carry forward for the year		
GAG brought forward from previous year	432,910	378,109
GAG allocation for current year (note 4)	7,430,624	7,020,583
Total GAG available to spend	7,863,534	7,398,692
Recurrent expenditure from GAG	(6,910,442)	(6,524,834)
Fixed assets purchased from GAG	(175,261)	(440,948)
GAG surplus for the year	777,831	432,910
Reclassification of GAG expenditure within Other Restricted Funds in 2010 to GAG	(25,068)	—
GAG carried forward to next year	752,763	432,910
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(891,675)	(842,502)
GAG to surrender to DfE (12% rule breach if result is positive)	(138,912)	(409,592)
	No breach	No breach
b Use of GAG brought forward		
Recurrent expenditure from GAG in current year	6,910,442	6,524,834
GAG allocation for current year	(7,430,624)	(7,020,853)
GAG allocation for previous year at 2%	(140,412)	(133,123)
GAG brought forward in excess of 2% used on recurrent expenditure in current year (2% rule breached if result is positive)	(660,594)	(629,142)
	No breach	No breach

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
The Arbib Foundation (note 17)	—	15,605	15,605	56,400
The Suva Foundation (note 17)	—	20,611	20,611	57,633
Other donations	—	14,037	14,037	16,689
	—	50,253	50,253	130,722

3 Investment income

	2011 £	2010 £
Bank interest receivable	7,456	5,504

Notes to the financial statements 31 August 2011

4 Funding for the Academy's educational operations and development

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
YPLA revenue grants				
Recurrent General Annual Grant	—	7,430,624	7,430,624	7,020,583
Start-up grants	—	37,673	37,673	77,673
Standards Fund	—	261,087	261,087	430,044
Other YPLA grants	—	80,604	80,604	—
	—	7,809,988	7,809,988	7,528,300
Other government grants				
Slough Local Authority grants	—	454,529	454,529	200,329
Capital grants				
YPLA capital grant	—	30,765	30,765	259,050
YPLA Devolved Formula Capital grant	—	47,149	47,149	97,859
	—	77,914	77,914	356,909
	—	8,342,431	8,342,431	8,085,538

5 Other educational incoming resources

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Parental and staff contributions	—	45,645	45,645	35,803
Uniform sales	—	22,781	22,781	23,786
Teacher secondment	—	—	—	1,865
Site contributions	3,278	—	3,278	2,623
Teacher golden hellos	—	—	—	8,123
Teacher training	—	900	900	15,900
Other income	120	53,639	53,759	24,320
	3,398	122,965	126,363	112,420

6 Resources expended

	Staff costs £	Non Pay Expenditure		Total 2011 £	Total 2010 £
		Premises £	Other costs £		
Academy's educational operations					
Direct costs	4,828,880	1,344,895	848,330	7,022,105	6,572,876
Allocated support costs	921,064	639,428	383,078	1,943,570	2,115,821
	5,749,944	1,984,323	1,231,408	8,965,675	8,868,697
Governance costs					
	—	—	18,586	18,586	23,307
	5,749,944	1,984,323	1,249,994	8,984,261	8,892,004

7 Academy's educational operations

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Direct costs				
Teaching and educational support staff costs	—	4,828,880	4,828,880	4,598,494
Educational resources and equipment	—	368,725	368,725	391,183
Examination fees	—	160,483	160,483	152,299
Consultancy and professional services	—	148,828	148,828	131,968
Other supplies and services	—	170,294	170,294	177,597
Depreciation	—	1,344,895	1,344,895	1,301,335
		7,022,105	7,022,105	6,752,876
Educational support costs				
Support staff costs	—	845,065	845,065	906,649
Maintenance	—	190,980	190,980	184,387
Occupancy costs	—	204,630	204,630	269,881
Catering	—	148,102	148,102	153,423
Cleaning	—	7,226	7,226	7,722
Insurance	—	88,101	88,101	89,876
Furniture and equipment	—	388	388	4,745
Other supplies and services (includes all staff advertising costs)	—	383,077	383,077	438,138
FRS 17 adjustment (note 25)	—	76,000	76,000	61,000
	—	1,943,570	1,943,570	2,115,821
	—	8,965,675	8,965,675	8,868,697

Net (outgoing) incoming resources for the year is stated after charging:

	2011 £	2010 £
Operating leases	8,676	6,980
Fees payable to auditor - audit	18,586	21,361
- other services	2,826	11,334
Profit on disposal of fixed assets	7,850	—

8 Governance costs

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Governor expenses and training	—	—	—	1,946
Audit fees				
Current year	—	13,050	13,050	12,631
Prior year	—	2,056	2,056	5,573
Other audit services	—	3,480	3,480	3,157
	—	18,586	18,586	23,307

9 Staff costs

The average number of employees (including senior management) during the year expressed as full time equivalents was as follows

Number of employees	2011 Number	2010 Number
Teaching staff	77	71
Teaching support	31	27
Management and administration	31	32
Other (including catering)	30	25
	169	155

Staff costs comprise

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
Wages and salaries	—	4,731,057	4,731,057	4,502,279
Social security costs	—	397,992	397,992	368,436
Other pension costs (including FRS17 adjustment of £76,000)	—	572,136	572,136	551,383
	—	5,701,185	5,701,185	5,422,098
Agency staff costs	—	48,760	48,760	144,046
Total staff costs	—	5,749,945	5,749,945	5,566,144

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

	2011 Number	2010 Number
£60,000 - £70,000	2	1
£70,000 - £80,000	3	3
£80,000 - £90,000	1	1
£120,000 - £130,000	1	—
£160,000 - £170,000	—	1

6 (2010 – 5) of the above employees earning £60,000 per annum or more participated in the Teachers' Pension Scheme. During the year ended 31 August 2011, pension contributions for these staff amounted to £66,727 (2010 – £58,184)

10 Governors' remuneration and expenses

None of the Governors (or any persons connected with them) received any remuneration or benefits from the Academy during the year, apart from those Governors remunerated in their capacity as employees of the Academy (2010 – none). Mr C Bowler was remunerated in his position as Principal, Mr P Blewett as Acting Principal and Mr Imran Amod and Ms Cheryl Bennett were remunerated as employees of the Academy. The total remuneration paid in the year was £207,691 (2010 – £192,240). None of the Governors was reimbursed for any expenses incurred in the course of their duties (2010 – none).

Notes to the financial statements 31 August 2011

10 Governors' remuneration and expenses (continued)

In accordance with normal practice the Academy has purchased insurance to protect the Governors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The cover under the policy is £5 million and in the year under review, the sum of £1,596 (2010 - £1,596) was paid.

11 Taxation

The Academy is an exempt 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 charities.

12 Tangible fixed assets

	Leasehold buildings £	Fixtures, fittings, equipment and motor vehicles £	Computer equipment and software £	Total £
Cost				
At 1 September 2010	30,790,619	1,308,606	1,363,435	33,462,660
Additions	123,675	37,415	115,688	276,778
Disposals	—	—	(54,000)	(54,000)
At 31 August 2011	<u>30,914,294</u>	<u>1,346,021</u>	<u>1,425,123</u>	<u>33,685,438</u>
Depreciation				
At 1 September 2010	1,207,448	477,537	858,610	2,543,595
Charge for period	617,623	266,018	461,254	1,344,895
Disposals	—	—	(54,000)	(54,000)
At 31 August 2011	<u>1,825,071</u>	<u>743,555</u>	<u>1,265,864</u>	<u>3,834,490</u>
Net book values				
At 31 August 2011	<u>29,089,223</u>	<u>602,466</u>	<u>159,259</u>	<u>29,850,948</u>
At 31 August 2010	<u>29,583,171</u>	<u>831,069</u>	<u>504,825</u>	<u>30,919,065</u>

The land on which the Academy is sited is leased from Slough Borough Council at a peppercorn rent over a term of 999 years from 25 September 2008. No value has been placed on this land in the financial statements due to the restrictive covenants on the asset.

13 Debtors

	2011 £	2010 £
Trade debtors	51,210	38,098
VAT recoverable	45,006	—
Prepayments and accrued income	75,094	139,225
Sundry debtors	1,713	40,527
	<u>173,023</u>	<u>217,850</u>

Notes to the financial statements 31 August 2011

14 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	66,952	121,918
Accruals and deferred income	861,067	874,771
Taxation and social security	117,503	120,182
Other creditors	194,252	63,817
	1,239,774	1,180,688

15 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 2010 £	Incoming resources £	Resources expended and other gains and losses £	Gains, losses and transfers £	At 31 August 2011 £
Restricted general funds					
YPLA GAG recurrent	432,910	7,430,624	(6,910,442)	(200,329)	752,763
YPLA Start Up grant	62,509	37,673	(51,576)	(29,237)	19,370
YPLA Standards Fund	—	261,087	(261,087)	—	—
YPLA Other Funds	—	80,604	—	—	80,604
Other restricted funds	519,847	627,747	(340,261)	(509,006)	298,326
	<u>1,015,266</u>	<u>8,437,735</u>	<u>(7,563,366)</u>	<u>(738,572)</u>	<u>1,151,063</u>
Pension reserve	<u>(447,000)</u>	<u>—</u>	<u>(76,000)</u>	<u>211,000</u>	<u>(312,000)</u>
	<u>568,266</u>	<u>8,437,735</u>	<u>(7,639,366)</u>	<u>(527,572)</u>	<u>839,063</u>
Restricted fixed asset funds					
YPLA capital grant	27,906,926	30,765	(1,205,991)	—	26,731,700
Private sector sponsorship	1,876,443	—	(80,990)	—	1,795,453
Donations	77,021	—	(4,935)	41,514	113,600
Devolved Formula Capital grant	208,858	47,149	(4,769)	—	251,238
Transfer restricted general funds	950,367	—	(48,210)	204,498	1,106,655
	<u>31,019,615</u>	<u>77,914</u>	<u>(1,344,895)</u>	<u>246,012</u>	<u>29,998,646</u>
Total restricted funds	<u>31,587,881</u>	<u>8,515,649</u>	<u>(8,984,261)</u>	<u>(281,560)</u>	<u>30,837,709</u>

Notes to the financial statements 31 August 2011

15 Restricted funds (continued)

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

Transfers between funds

General donations comprises unrestricted funds that have been transferred from specific donations classified within Restricted Other Funds. These specific donations are for projects which meet the objectives of the Academy. The amounts transferred are amounts spent by the Academy on these projects from its own Restricted GAG Funds, and where the donors have agreed a corresponding amount can be transferred to Unrestricted General Donations.

YPLA revenue grant fund and other restricted funds

These grants relate to the Academy's development and operational activities.

Fixed asset fund

These grants relate to funding to carry out works of a capital nature.

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme (note 25).

16 Analysis of net assets between funds

	General fund £	Restricted general funds £	Fixed Assets £	2011 Total funds £	2010 Total funds £
Fund balances at 31 August 2011 are represented by					
Tangible fixed assets	—	—	29,850,948	29,850,948	30,919,065
Current assets	572,139	2,390,837	147,698	3,110,674	2,365,229
Creditors amounts falling due within one year	—	(1,239,774)	—	(1,239,774)	(1,180,688)
Pension reserve	—	(312,000)	—	(312,000)	(447,000)
Total net assets	572,139	839,063	29,998,646	31,409,848	31,656,606

17 Related party transactions

Transactions with related parties were as follows

	2011 £	2010 £
Contributions from The Arbib Foundation	15,605	56,400
Contribution from The Suva Foundation	20,611	57,633

Mrs Annabel Nicoll and Sir Martyn Arbib are Governors of The Langley Academy and are also Trustees of the registered charity The Arbib Foundation (Registration number 296358). Mrs Annabel Nicoll and Mr Paddy Nicoll are also Trustees of the registered charity The Suva Foundation (Registration number 1077057).

Notes to the financial statements 31 August 2011

18 Contingent liabilities

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

19 Capital commitments

Capital commitments contracted for, but not included in the financial statements are as follows

	2011 £	2010 £
Sixth form building	300,000	—

20 Commitments under operating leases

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows

	2011 £	2010 £
Operating leases on equipment which expire		
Within one year	—	6,980
Within 2 -5 years	8,676	—

Notes to the financial statements 31 August 2011

21 Reconciliation of net outgoing resources to net cash inflow from operating activities

	2011 £	2010 £
Net outgoing resources	(457,758)	(557,820)
Depreciation (note 12)	1,344,895	1,301,335
Profit on disposal of tangible fixed assets	(7,850)	—
Capital grants from DfE and other capital income	(77,914)	(356,909)
Interest receivable (note 4)	(7,456)	(5,504)
FRS 17 pension cost less contributions payable (note 25)	57,000	42,000
FRS 17 pension finance income (note 25)	19,000	19,000
Decrease/(Increase) in stocks	49	(20,575)
Decrease/(Increase) in debtors	44,827	(38,318)
Increase in creditors	59,086	82,943
Net cash inflow from operating activities	973,879	466,152

22 Returns on investment and servicing of finance

	2011 £	2010 £
Interest received	7,456	5,504
Net cash inflow from returns on investment and servicing of finance	7,456	5,504

23 Capital expenditure and financial investment

	2011 £	2010 £
Purchase of tangible fixed assets	(276,778)	(912,254)
Capital grants from DfE / YPLA and other capital receipts	77,914	356,909
Receipts from sale of tangible fixed assets	7,850	—
Net cash outflow from capital expenditure and financial investments	(191,014)	(555,345)

24 Analysis of changes in net funds

	At 1 September 2010 £	Cashflows £	At 31 August 2011 £
Cash in hand and at bank	2,125,024	790,321	2,915,345

25 Pension commitments

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pensions Scheme (LGPS) for non teaching staff, which is managed by the Royal County of Berkshire Both are defined benefit schemes

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employers and employees

a) Teachers

The Teachers Pension Account

The Teachers' Pension Scheme is (TPS) is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pension (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 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

Valuation of the Teachers' Pension Scheme

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

25 Pension commitments (continued)

a) Teachers (continued)

Valuation of the Teachers' Pension Scheme (continued)

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate of (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 contributions rate payable is the sum of the SCR and the supplementary contribution rate.

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 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 has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years), a total contribution rate of 20.5%.

This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2011 was £362,000 (2010 - £370,000). At the year-end £41,106 (2010 - £47,955) was payable to the Teachers' Pension Scheme.

(b) Non teachers

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit scheme, with the assets held in separate governor administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The following information is based upon a full actuarial valuation of the fund, at 31 March 2010, updated to 31 August 2011 by a qualified independent actuary.

Notes to the financial statements 31 August 2011

25 Pension commitments (continued)

(b) Non teachers (continued)

Assumptions

The major assumptions used by the actuary were

	31 August 2011 % per annum	31 August 2010 % per annum
Inflation	2.6%	2.5%
Salary increases	4.65%	4.50%
Rate of discount	5.4%	4.8%
Rate of increase in pensions in payment and deferred pensions	2.6%	2.5%

The mortality assumptions used were as follows

	2011 years	2010 years
Longevity at age 65 for current pensioners		
Men	22.7	21.3
Women	25.4	24.3
Longevity at age 65 for future pensioners		
Men	24.8	22.2
Women	27.4	25.3

The assets of the scheme and the weighted average expected rate of return were

	Long-term rate of return expected 31 August 2011 %	Value at 31 August 2011 £'000s	Long-term rate of return expected 31 August 2010 %	Value at 31 August 2010 £'000s
Equities	6.6	309	6.6	204
Bonds	5.4	245	4.8	253
Property	4.6	64	4.6	56
Cash	3.0	36	3.0	63
Alternative assets	5.0	255	5.0	127
Total assets		909		703
Present value of scheme liabilities		(1,221)		(1,150)
Deficit in the scheme		(312)		(447)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

Notes to the financial statements 31 August 2011

25 Pension commitments (continued)

(b) Non teachers (continued)

Assumptions (continued)

Total expenditure recognised in the Statement of Financial Activities (SOFA)

	2011 £000s	2010 £000s
Current service cost	190	162
Interest cost	60	53
Expected return on scheme assets	(41)	(34)
Total expenditure recognised in SOFA	209	181

	2011 £000s	2010 £000s
Actuarial (losses) gain on pension scheme assets	(19)	12
Actuarial gain/(losses) on scheme liabilities	230	(54)
Past service gain	—	43
Total amount recognised in STRGL	211	1

Contributions

The total contributions made by the employer in the year were £133,000 (2010 - £120,000), of which £15,930 (2010 - £13,619) was payable at the year end

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 August 2011 is £143,000

Movement in deficit during the year

	2011 £000s	2010 £000s
Deficit at 1 September 2010	(447)	(387)
Employer contributions	133	120
Current service cost	(190)	(162)
Past service gain	—	43
Net interest/return of assets	(19)	(19)
Actuarial gain (loss)	211	(42)
Deficit at 31 August 2011	(312)	(447)

Notes to the financial statements 31 August 2011

25 Pension commitments (continued)

(b) Non teachers (continued)

	2011 £000s	2010 £000s
Scheme liabilities at 1 September 2010	1,150	876
Current service cost	190	162
Interest cost	60	53
Contributions by scheme participants	52	49
Actuarial (gain)/losses on liabilities	(230)	54
Past service gains	—	(43)
Benefits paid	(1)	(1)
Scheme liabilities at 31 August 2011	1,221	1,150

	2011 £000s	2010 £000s
Fair value of scheme assets at 1 September 2010	703	489
Expected return on scheme assets	41	34
Actuarial (losses) gains	(19)	12
Contributions by employer	133	120
Contributions by scheme participants	52	49
Benefits paid	(1)	(1)
Fair value of scheme assets at 31 August 2011	909	703

	31 August 2011 £'000s	31 August 2010 £'000s
Fair value of assets	909	703
Present value of scheme liabilities	(1,221)	(1,150)
Deficit in scheme	(312)	(447)
Experience adjustments on scheme assets	(19)	12
Percentage of scheme assets	2.1%	1.7%
Cumulative actuarial loss	4	(207)