



St Mark's Church of England Academy Trust

Report and Financial Statements

31 August 2008



Company Limited by Guarantee
Registration Number 5875416
(England and Wales)

Charity Registration Number 1121019

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The following pages do not form part of the statutory financial statements:

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Reference and administrative information

Trustees (Governing Body)	Christopher Skilton (Chairman) Clive Adderley Sue Baxter
As at date of financial statements approval	Stephen Coulson Richard Hughes Marcus James (Staff Governor) John Rouse (Parent Governor) Kate Saxoner Simon Surtees
Secretary	Carl Leyshon
Executive team	Peter Evans (Executive Principal) Esther Holland (Associate Head)
Registered office	Acacia Road Mitcham Surrey CR4 1SF
Company registration number	5875416 (England and Wales)
Charity registration number	1121019
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	The Co-operative Bank Delf House Skelmersdale Lancashire WN8 6WT
Solicitors	Winckworth Sherwood Deans Court St.Pauls London EC4V 5AA

Trustees' report Year ended 31 August 2008

The trustees of St Mark's Church of England Academy Trust ('the Academy'), who are also directors of the Academy for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2008.

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 16 to 18 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 on "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 and a registered charity which was incorporated on 13 July 2006. The company's Memorandum and Articles of Association are the primary governing documents of the Academy. In line with the company's Memorandum and Articles of Association, the members comprise the founding sponsors, one person appointed by the Secretary of State for Children, Schools and Families and any additional person voted for unanimously by the members. The Articles of Association require the members of the company to appoint at least three trustees to be responsible for the affairs of the company and the management of the Academy. The founding sponsors are Southwark Diocesan Board of Education (SDBE), CfBT Education Trust (CfBT) and ToCH.

ToCH ceased to support the Academies Programme in 2007/8 and has withdrawn as a sponsor of St. Marks Church of England Academy.

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad curriculum with a strong emphasis on, but in no way limited to, Science and Performing Arts to be conducted in accordance with the principles and practices of the Church of England, while respecting and recognising other faiths.

Legal status and members' liability

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The Academy was constituted with the provision for the following trustees: nine founding sponsors; the Principal; one member of staff; one trustee from Merton Local Education Authority; and a parent of a pupil at the school. In addition, the Academy may appoint up to two co-opted trustees.

The following trustees were in office at 31 August 2008 and served throughout the year, except where shown.

Trustee	Changes in the year		Status	Committees
	Appointed	Resigned		
Christopher Skilton (Chair)			SDBE Sponsor Director	F
Clive Adderley			C&BT Sponsor Director	F
Louise Ceska		1 June 2008	Principal	C, F, B
Stephen Coulson			SDBE Sponsor Director	C
Terry Drummond		31 July 2008	TocH Sponsor Director	B
Richard Hughes	19 June 2008		SDBE Sponsor Director	C
Marcus James			Staff Governor	C, F
Vincent McDonnell		31 March 2008	C&BT Sponsor Director	C, B
Charmaine Odusina		31 July 2008	TocH Sponsor Director	F
John Rouse			Parent Governor	C
Kate Saxoner			London Borough of Merton	
Simon Surtees	1 January 2008		C&BT Sponsor Director	C
Winsome Thomas		31 July 2008	TocH Sponsor Director	C, F
Committees: C – Enjoy & Achieve (Curriculum) Committee F – Finance, Risk & Personnel B – Buildings / Health & Safety				

Since the year end, Sue Baxter has also been appointed as a trustee.

No trustee received any remuneration in respect of their duties as a trustee from the Academy during the year. The Memorandum and Articles of Association form the basis of the way in which the Academy is governed.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of trustees' responsibilities

Company law requires the trustees (who are the directors of the company for the purpose of the Companies Act) to prepare financial statements which give a true and fair view of the state of affairs of the Academy at the end of the financial year and of its surplus or deficit for that year. In preparing financial statements giving a true and fair view, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- ◆ the trustee has taken all steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Organisational structure

St Mark's Church of England Academy is governed by a governing body, equivalent to the board of trustees, constituted under a Memorandum of Association and Articles of Association. The governing body is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy and shall consider any advice given by the head teacher, addressing such matters as:

- ◆ Policy development and strategic development;
- ◆ Ensuring sound management and administration of the Academy;
- ◆ Ensuring compliance with legal requirements;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

- ◆ Establishing and maintaining effective internal controls;
- ◆ Overseeing the management of all resources;
- ◆ The monitoring of performance;
- ◆ Helping the Academy to be responsive to the needs of parents, carers and the community;
- ◆ Setting the Academy's standards of conduct and values; and
- ◆ Assessing and managing risk.

A full governing body meeting is held at least once a school term.

The Senior Managers of the Academy (the Senior Leadership Team) are the Executive Principal, Associate Head, Deputy Principal and Associate Deputy Principal, three Assistant Principals and the Bursar. These managers operate as the executive team, implementing policies approved by the Governors and monitoring performance.

Connected organisations

The Southwark Diocesan Board of Education and CfBT Education Trust are the sponsors of St Mark's Church of England Academy Trust. TocH were sponsors during 2007/8 but withdrew as a sponsor on 31 July 2008.

Risk management

The Board of Governors is responsible for the management of risks faced by the Academy. Detailed consideration of risk is delegated to the Finance, Risk and Personnel Committee who are assisted by key members of the Senior Leadership Team. The Academy has a number of operational policies which limit risks, such as staff vetting procedures and operates key financial controls. The management structure and accountability arrangements plus the Committee structures are seen as key areas of control and risk management. The Academy also has comprehensive insurance policies.

Statement on the system of internal financial control

As governors, the trustees acknowledge they have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The trustees also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- ◆ the Academy is operating efficiently and effectively;
- ◆ its assets are safeguarded against unauthorised use or disposition;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement on the system of internal financial control (continued)

- ◆ proper records are maintained and financial information used within the Academy or for its publication is reliable;
- ◆ the Academy complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement. They are based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- ◆ reviews by the trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.
- ◆ the Academy has appointed a Responsible Officer, whose role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

OBJECTIVES AND ACTIVITIES

The sole activity of the company is the operation of St Mark's Church of England Academy to provide education for pupils of different abilities between the ages of 11 and 18. 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;
- ◆ To maintain close links with industry and commerce;
- ◆ To conduct business in accordance with the highest standards of integrity, probity and openness.

OBJECTIVES AND ACTIVITIES (continued)

The Academy's vision is that St Mark's Academy is an outstanding Church of England school, having an inspirational and innovative learning community with a distinctive and inclusive Christian ethos in which everyone can: fulfil their potential and achieve; become lifelong learners; and make a positive contribution.

Equal opportunities

The Academy is committed to the principle of equal opportunities and seeks to ensure the working environment values the needs of all employees and students.

It is the policy of the Academy to support the recruitment and retention of employees and students with disabilities by making resources available and through training and career development.

ACHIEVEMENTS AND PERFORMANCE

St Mark's Church of England Academy opened in September 2006 and is now therefore at the start of the third year, with 867 students on roll. The Academy is full in both Years 7 and 8 with 180 students in each year group. Subsequent years will recruit up to 180 pupils in each year group taking the on roll number in Years 7 to 11 to 900. The sixth form is in its second year with 106 on roll, 60 being students recruited into Year 12 for September 2008.

St Mark's saw a change in leadership in 2008, with an Associate Deputy Principal being brought in by the Sponsors in January 2008. The founding Principal left in June 2008 and the Sponsors and Governors brought in an Associate Head who works alongside an Executive Principal. Their posts will continue throughout the Academic year 2008/9.

Examination results this year showed an improvement on last year but were still below target expectations:

	2007	2008
5 A* - C	23%	32%
5 A* - C inc English & Maths	19%	22%

To ensure that standards are raised and progress is made across the Academy, it has developed a new target setting, tracking and assessment system closely linked to proactive monitoring and intervention programmes. To monitor and improve the quality of teaching, all staff will be observed and support programmes implemented to sustain improvements in standards.

ACHIEVEMENTS AND PERFORMANCE (continued)

St Mark's Church of England Academy opened as a Specialist Academy in Science, Technology and Enterprise. As part of the Academy's curriculum review, the new school leadership, Sponsors and Governors have applied to change our specialism to Science and Performing Arts. This change has now been approved by the DCSF. Science has been developed as a strength within the Academy with 58% of students achieving 'C' or above in Science GCSE this summer. Music, Art, Drama and PE are further strengths of the Academy in terms of examination results and can be further enhanced within the specialism with good practice from these specialist subjects being shared across the Academy.

The Christian ethos of the Academy is continuing to be strengthened through daily acts of collective worship and the involvement of clergy from St Mark's parish church. The enrichment programme continues to offer students a full and varied selection of after school activities, including breakfast clubs and holiday workshops to boost attainment at examination level. Student voice is further developed through the school council.

Priorities for the coming year include:

- ◆ Raising attainment at all Key Stages;
- ◆ Strengthening the quality of teaching and learning across all departments; and
- ◆ Developing the community of St Mark's through strengthening its Christian ethos, developing student voice so that students take an active lead in life at St Mark's and strengthening parental involvement in supporting raised attainment and in being active members of the St Mark's community.

PLANS FOR FUTURE PERIODS

The Governing Body will continue to work towards meeting the aims of the Academy. The key objectives will continue to be raising educational standards and ensuring the School Development Plan targets are achieved or bettered in a cost effective manner.

The Academy is planning a major capital scheme to improve and refurbish areas of the school. A review of the Design Brief has postponed the start of the scheme until Spring 2009 which is expected to last twelve months.

FINANCIAL REVIEW

Financial position

Total income for the year was £7,073,000 and expenditure amounted to £5,988,000. After including the FRS 17 adjustments for the Local Government Pension Scheme, this resulted in a net surplus for the year of £1,044,000.

The £1,044,000 surplus is made up of £987,000 restricted funds, including a pension reserve deficit of £41,000, and £57,000 of unrestricted general funds. The restricted funds comprise £743,000 for the restricted fixed asset reserve and £244,000 on the general restricted funds.

FINANCIAL REVIEW (continued)

Financial report for the period

The financial statements are prepared in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) and guidance issued by the DCSF set out in the Academies Financial Handbook.

The total income for the year was £7,073,000, 93% of which was obtained as DCSF grants, with 5% of income as government grants via the London Borough of Merton (LB Merton). These grants and the associated expenditure are shown as restricted funds in the statement of financial activities.

The £6,580,000 received from the DCSF was a combination of the General Annual Grant, £5,388,000, some specific Earmarked Grants of £240,000, £132,000 Standards Fund previously provided by LB Merton, and capital grants of £820,000. The capital grants were part of the Academy's major refurbishment project and were a combination of drawdown for ICT development and design/project management costs.

Almost all expenditure relates to the Academy's educational activities, with a small amount (0.3%) identified as governance and expenditure relating to income generating activities. 63% of expenditure was for teacher and educational support staff, with a further 8% for other staff, a further 7% is classified as being direct educational costs. The remaining 22% of costs covers maintenance, cleaning, catering, insurance and all other occupancy costs and depreciation.

At 31 August 2008 the net book value of fixed assets was £1,487,000 and movements in tangible fixed assets are shown in note 13 to the financial statements. Grants for fixed assets, in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Reserves policy

The trustees have carried out an initial review of the Academy reserves and will further review reserves in the light of the current year's financial performance and future plans.

AUDITORS

The auditors, Buzzacott LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the trustees and signed on their behalf by:

Trustee *Chris Skilton*

Approved by the trustees on: *26th November 2008*

Report of the independent auditors to the members of St Mark's Church of England Academy Trust

We have audited the financial statements on pages 12 to 32 which have been prepared in accordance with the accounting policies set out on pages 16 to 18.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 4 the trustees, who are also the directors of St Mark's Church of England Academy Trust for the purposes of company law, are responsible for the preparation of the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the trustees' report is consistent with the financial statements. We also report to you, if in our opinion, the Academy has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

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

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

We report to you whether in our opinion the information given in the trustees' report is consistent with the audited financial statements.

Independent auditors' report 31 August 2008

Basis of opinion

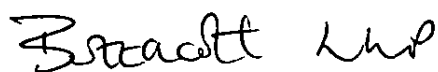
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- (a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Academy as at 31 August 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985;
- (b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families in respect of the relevant financial year;
- (c) proper accounting records have been kept by the Academy throughout the financial year;
- (d) grants made by the Department for Children, Schools and Families have been applied for the purposes intended;
- (e) the information given in the trustees' report is consistent with the financial statements.



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

5 December 2008

Statement of financial activities Year ended 31 August 2008

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets £'000	Total funds 2008 £'000	Total funds 2007 £'000
Incoming resources						
Incoming resources from generated funds						
. Voluntary income	2	4	17	—	21	13
. Activities for generating funds	3	45	—	—	45	41
. Interest receivable	4	30	—	—	30	19
Incoming resources from charitable activities						
. Academy's educational operations	5	—	6,063	914	6,977	6,580
Total incoming resources		79	6,080	914	7,073	6,653
Resources expended						
Charitable activities						
. Academy's educational operations	6	22	5,777	171	5,970	5,509
. Development costs	7	—	—	—	—	317
Governance costs	8	—	18	—	18	13
Total resources expended		22	5,795	171	5,988	5,839
Net incoming resources before other recognised gains and losses						
		57	285	743	1,085	814
Other recognised gains and losses						
Brought forward deficit on pension scheme	18	—	—	—	—	(212)
Actuarial (loss) gain on defined benefit pension scheme	18	—	(41)	—	(41)	110
Net movement in funds		57	244	743	1,044	712
Total funds brought forward at September 2007						
		51	(87)	748	712	—
Fund balances carried forward at 31 August 2008						
		108	157	1,491	1,756	712

All of the Academy's activities derived from operations which commenced during the period ended 31 August 2007 and continued in the year ended 31 August 2008. There is no difference between the net movement in funds included above and its historical cost equivalent.

Income & Expenditure Account Year ended 31 August 2008

	Notes	2008 £'000	2007 £'000
Income			
General Annual Grant (GAG)	1	5,388	4,918
DCSF capital grants	5	820	375
Other DCSF grants	5	372	754
Other grants	5	397	533
Donations	2	21	13
Interest receivable	4	30	19
Other income	3	45	41
Total income		7,073	6,653
Expenditure			
General Annual Grant (GAG) related expenditure	1	5,116	4,707
Other DCSF grant expenditure		372	538
Other grant expenditure		290	479
Depreciation	13	171	93
Other expenditure		39	22
Total expenditure		5,988	5,839
Excess of income over expenditure		1,085	814

Statement of Total Recognised Gains and Losses Year ended 31 August 2008

	Notes	2008 £'000	2007 £'000
Excess of income over expenditure		1,085	814
Actuarial (loss) gain on defined benefit pension scheme	18	(34)	110
FRS17 change in asset valuation		(7)	—
Brought forward actuarial deficit on defined benefit pension scheme		—	(212)
Total recognised gains for the period		1,044	712
Net movement to funds			
Restricted funds		987	661
Unrestricted general fund		57	51
		1,044	712

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 12 which, together with notes to the financial statements on pages 19 to 32, provides full information on the net movements during the period on all funds of the Academy.

Balance Sheet 31 August 2008

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Tangible assets	13		1,487		748
Current assets					
Debtors	14	200		235	
Cash at bank and in hand		535		497	
		<u>735</u>		<u>732</u>	
Current Liabilities					
Creditors: amounts falling due within one year	15	(186)		(593)	
Net current assets			<u>549</u>		<u>139</u>
Net assets excluding pension liability			<u>2,036</u>		<u>887</u>
Pension scheme liability	18		(280)		(175)
Net assets including pension liability			<u>1,756</u>		<u>712</u>
Represented by:					
Funds and reserves					
<i>Income funds:</i>					
Restricted funds	16				
. Fixed assets			1,491		748
. General			437		88
. Pension reserve			(280)		(175)
			<u>1,648</u>		<u>661</u>
Unrestricted funds					
. General fund			108		51
			<u>1,756</u>		<u>712</u>

Approved by the trustees and signed on their behalf by:

Trustee *Chris Skilton*

Approved on: *26th November 2008*

Cash Flow Statement 31 August 2008

	2008 £'000	2007 £'000
Cash inflow from operating activities		
<i>Receipts</i>		
DCSF General Annual Grant	5,388	4,918
Other DCSF grants	323	240
Other Government grants	416	341
Other receipts	48	62
	<u>6,175</u>	<u>5,561</u>
<i>Payments</i>		
Staff costs	(3,715)	(2,980)
Other cash payments	(2,228)	(2,331)
	<u>(5,943)</u>	<u>(5,311)</u>
Net cash inflow from operating activities	<u>232</u>	<u>250</u>
Returns on investments and servicing of finance		
Interest received	<u>30</u>	<u>19</u>
Capital expenditure and financial investment		
Capital grants	121	655
Payments to acquire fixed assets	(345)	(427)
	<u>(224)</u>	<u>228</u>
Increase in cash	<u>38</u>	<u>497</u>
	2008 £'000	2007 £'000
Reconciliation of net cash flow to movement in net funds		
increase in cash	38	497
Net funds at 1 September 2007	497	—
Net funds at 31 August 2008	<u>535</u>	<u>497</u>

A. Analysis of change in net funds

	At 1 September 2007 £'000	Cash flows £'000	At 31 August 2008 £'000
Cash in hand and at bank	497	38	535

Principal accounting policies 31 August 2008

Format of financial statements

The standard format for the financial statements as required by the Companies Act 1985 scheduled 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the Academy.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Comparatives

The comparative figures are for the period from 13 July 2006 to 31 August 2007.

Incoming resources

Grants receivable

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

Gifts in kind

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

Interest receivable

Interest receivable is included within the statement of financial activities on an accruals 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.

Allocation of costs

In accordance with the Charities SORP, 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.

Principal accounting policies 31 August 2008

Resources expended and the basis of apportioning costs (continued)

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 and fittings 20% p.a.
- ♦ Computer equipment 20% - 33% 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 general fund represents those monies which are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

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

Taxation

The Academy is a registered charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

Principal accounting policies 31 August 2008

Pensions

Academy staff are members of one of two multi-employer defined benefit pension schemes. More details of the schemes are given in note 18.

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 salary scheme is administered by Capita Teachers' Pensions on behalf of the DCSF. As the TPS is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, 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

Non-teaching members of staff are offered membership of the Local Government Scheme (LGPS), which is managed by the London Borough of Merton Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and requirements of the FRS 17, Retirement Benefits have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Notes to the financial statements 31 August 2008

1 General Annual Grant (GAG)

	2008 £'000	2007 £'000
a. Results and carry forward for the period		
GAG brought forward from the previous year	14	—
GAG allocation for current year		
GAG awarded:		
. School budget share	3,806	2,732
. Other GAG elements	1,582	2,186
Total GAG available to spend	5,402	4,918
Recurrent expenditure from GAG	(5,116)	(4,707)
Fixed assets purchased from GAG	—	(197)
Charge against GAG available	(5,116)	(4,904)
GAG carried forward to next year	286	14
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(648)	(590)
GAG to surrender to DCSF	(362)	(576)
(12% rule breach if result is positive)	No breach	No breach
b. Use of GAG brought forward from previous year for recurrent purposes		
(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	5,116	4,707
GAG allocation for current year	(5,388)	(4,918)
GAG allocation for previous year x 2%	(98)	—
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(370)	(211)
(2% rule breached if result is positive)	No breach	No breach

Notes to the financial statements 31 August 2008

2 Voluntary income

	2008	2007
	£'000	£'000
Donations	5	13
Gifts in kind	16	—
	21	13

Gifts in kind relate to services donated to the Academy.

3 Activities generating funds

	2008	2007
	£'000	£'000
Lettings income	15	30
Other income	30	11
	45	41

4 Investment income

	2008	2007
	£'000	£'000
Bank interest receivable	30	19

Notes to the financial statements 31 August 2008

5 Funding for Academy's educational operations

	2008 £'000	2007 £'000
DCSF revenue grants		
General Annual Grant (GAG) (note 1)		
School Budget Share	3,806	2,732
LA Holdback	360	263
School Standards Grant	—	97
Personalisation	261	133
Specialist School Funding	114	91
Insurance	137	126
VAT Grant	168	159
Teachers' Threshold	—	67
LGPS	—	24
School Meals Grant	10	7
Start Up A	14	687
Start Up B	518	532
GAG Total	5,388	4,918
Other DCSF revenue grants		
Feasibility	—	175
Implementation	—	317
Environmental improvement	93	157
Educational improvement	147	105
Standards Fund	132	—
	372	754
Other grants		
London Borough of Merton	289	447
Other	14	5
	303	452
Capital grants		
DCSF	820	375
London Borough of Merton	94	81
	914	456
	6,977	6,580

Notes to the financial statements 31 August 2008

6 Charitable Activities - Academy's educational operations

	2008 £'000	2007 £'000
Direct costs		
Teaching and educational support staff costs	3,742	3,115
Educational resources/equipment	319	329
Examination fees	58	43
Consultancy/Professional Services	135	239
Other supplies and services	27	130
Depreciation	171	93
	4,452	3,949
Educational support costs		
Support staff costs	505	528
Maintenance	161	198
Occupancy costs	213	177
Catering	97	78
Cleaning	155	156
Insurance	137	127
Furniture and equipment	18	89
Other supplies and services (includes all staff advertising costs)	232	207
	1,518	1,560
	5,970	5,509

7 Development Costs

	2008 £'000	2007 £'000
Project management expenses	—	210
Legal expenses	—	48
Marketing expenses	—	43
Finance systems expenses	—	16
	—	317

8 Governance Costs

	2008 £'000	2007 £'000
Audit fees	15	10
Insurance	3	3
	18	13

Notes to the financial statements 31 August 2008

9 Staff costs

	2008 £'000	2007 £'000
Wages and salaries	3,173	2,594
Social security costs	247	213
Pension contributions - normal contributions	323	274
Pension contributions - FRS17 charge	57	70
	3,800	3,151
Supply staff costs	447	492
	4,247	3,643

The number of employees during the year who earned over £60,000 in the period (including benefits) was as follows:

	2008	2007
£60,000 - £70,000	2	1
£90,000 - £100,000	—	1
£165,000 - £170,000 (see below)	1	—

The above amount for 2008 relating to the highest paid employee includes severance costs.

The average number of persons (including senior management team) employed (excluding agency and seconded staff) by the Academy during the year ended 31 August 2008 expressed as full time equivalents was as follows:

	2008	2007
Charitable activities		
Teachers	47	40
Educational Support	33	28
Management	5	5
Administration and other staff	16	16
	101	89

10 Trustees' remuneration

None of the trustees received any remuneration nor were reimbursed expenses in respect of their services as a trustee during the year.

11 Trustees' and Officers' insurance

In accordance with the articles of association the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2 million in aggregate for an annual policy period. The cost for the year ended 31 August 2008 was £139,000.

12 Taxation

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

13 Tangible fixed assets

	Furniture fittings & equipment £'000	Computer equipment & software £'000	Assets under construction £'000	Total £'000
Cost				
At 1 September 2007	15	454	372	841
Additions	1	116	793	910
Transfers	22	164	(186)	—
At 31 August 2008	38	734	979	1,751
Depreciation				
At 1 September 2007	(3)	(90)	—	(93)
Charge for period	(11)	(160)	—	(171)
At 31 August 2008	(14)	(250)	—	(264)
Net book values				
At 1 September 2007	12	364	372	748
At 31 August 2008	24	484	979	1,487

Tangible fixed assets have been funded from the following sources:

	2008 £'000	2007 £'000
DCSF Major Refurbishment Project	1,600	788
Other DCSF	61	53
Other grants	90	—
	1,751	841
Less: Accumulated depreciation at 31 August 2008	(264)	(93)
Net book value of fixed assets at 31 August 2008	1,487	748

Notes to the financial statements 31 August 2008

13 Tangible fixed assets (continued)

The land on which the Academy is sited is leased from The Manor and Burgesses of the London Borough of Merton at a peppercorn rent over a term of 999 years from 4 September 2006. No value has been placed on this property in the financial statements due to the restrictive covenants on the asset.

14 Debtors

	2008 £'000	2007 £'000
DCSF capital grant receivable	151	102
Other debtors	49	133
	200	235

15 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	21	473
Taxation and social security	106	78
Accruals and deferred income	59	42
	186	593

16 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 2007 £'000	Incoming resources £'000	Resources expended £'000	Other gains & losses £'000	At 31 August 2008 £'000
DCSF revenue grant fund					
. General Annual Grant (GAG)	88	5,388	(5,052)	—	424
. Other grants	—	372	(372)	—	—
Pension reserve	(175)	—	(64)	(41)	(280)
	(87)	5,760	(5,488)	(41)	144
Other					
. LEA	—	289	(279)	—	10
. Other	—	31	(28)	—	3
	—	320	(307)	—	13
Fixed asset fund					
. DCSF capital grant	694	820	(171)	—	1,343
. Other	54	94	—	—	148
	748	914	(171)	—	1,491
Total restricted funds	661	6,994	(5,966)	(41)	1,648

Notes to the financial statements 31 August 2008

16 Restricted funds (continued)

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

DCSF 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 capital funding received from the DCSF and LB Merton.

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the London Borough of Merton Pension Scheme.

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds		Total 2008 £'000
		DCSF £'000	Fixed assets funds £'000	
Fund balances at				
31 August 2008 are represented by				
Tangible fixed assets	—	—	1,487	1,487
Current assets	108	623	4	735
Creditors: amounts falling due within one year	—	(186)	—	(186)
Pension scheme liability	—	(280)	—	(280)
Total net assets	108	157	1,491	1,756

18 Pension commitments

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

a) Teachers

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

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, the scheme is classed as a multi-employer pension scheme. The TPS 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 scheme as if it was a defined contribution scheme. The Academy has set out below the latest information available for the scheme.

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

18 Pension commitments (continued)

a) Teachers (continued)

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The latest actuarial valuation of the scheme was at 31 March 2004 and significant facts concerning the scheme are given as below.

Latest actuarial valuation	31 March 2004 Prospective benefits
Actuarial method	
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. The employer contribution rate for the period was 14.1%.

The total employer's contribution for the period ended 31 August 2008 was £246,064.

b) Non-teachers

Local Government Pension Scheme

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 trustee 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 2007, updated to 31 August 2008 by a qualified independent actuary.

Assumptions

The major assumptions used by the actuary were:

	31 August 2008 % per annum	31 August 2007 % per annum
Inflation	4.0%	3.5%
Salary increases	5.5%	5.3%
Rate of discount	6.3%	5.8%
Rate of increase in pensions in payment and deferred pensions	4.0%	3.5%

Notes to the financial statements 31 August 2008

18 Pension commitments (continued)

b) Non-teachers (continued)

Local Government Pension Scheme (continued)

Assumptions (continued)

The mortality assumptions used were as follows:

	2008 years	2007 years
Longevity at age 65 for current pensioners		
. Men	21.12	21.12
. Women	24.13	24.13
Longevity at age 65 for future pensioners		
. Men	20.41	20.41
. Women	23.43	23.43

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

	Long-term rate of return expected 31 August 2008 %	At 31 August 2008 £'000	Long-term rate of return expected 31 August 2007 %	At 31 August 2007 £'000
Equities	7.7%	581	7.9%	519
Gilts	4.6%	239	4.8%	130
Bonds	6.3%	—	—	—
Debtor	7.2%	38	7.4%	34
Cash	5.0%	18	5.8%	51
Total assets		876		734
Present value of scheme liabilities		1,156		909
Deficit in the scheme		(280)		(175)

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 equity investments and bonds which are held in scheme assets are quoted and are valued at the current bid price following the adoption of the amendment of FRS17. Previously these were valued at mid price. The effect of this change is that the value of the assets at 31 August 2007 has been restated from £734,000 to £727,000, a decrease of £7,000. This adjustment has been reflected in the current year's Statement of Total Recognised Gains and Losses.

Notes to the financial statements 31 August 2008

18 Pension commitments (continued)

b) Non-teachers (continued)

Local Government Pension Scheme (continued)

Assumptions (continued)

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

Total expenditure recognised in the Statement of Financial Activities

	2008 £000	2007 £000
Current service cost	137	142
Interest cost	60	40
Expected return on scheme assets	(53)	(37)
Past service cost	6	—
Total expenditure recognised in SOFA	150	145

Net (loss)/gain recognised in the Statement of Total Recognised Gains and Losses (STRGL).

	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(101)	11
Experience gains and losses arising on the scheme liabilities	10	—
Changes in the assumptions underlying the present value of the scheme liabilities	57	99
Total amount recognised in STRGL	(34)	110

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a gain of £136,000.

Reconciliation of opening and closing balances of the present value of the Academy's share of scheme liabilities

	2008 £000	2007 £000
Scheme liabilities at 1 September 2007	909	622
Current service cost	137	142
Past service cost	6	—
Interest cost	60	40
Contributions by scheme participants	44	39
Actuarial losses (gains)	(24)	(99)
Benefits paid	24	165
Scheme liabilities at 31 August 2008	1,156	909

Notes to the financial statements 31 August 2008

18 Pension commitments (continued)

b) Non-teachers (continued)

Local Government Pension Scheme (continued)

Contributions

The total contributions made by the employer in the year have been £86,000. The level of contribution will be reviewed as a result of the triennial valuation of the scheme as at 31 March 2010.

The best estimate of contributions to be paid by the employer to the scheme in the next financial year is £94,000.

Reconciliation of opening and closing balances of the fair value of the Academy's share of the scheme assets

	2008 £000	2007 £000
Fair value of scheme assets at 1 September 2007	734	410
Change in asset valuation	(7)	—
Expected return on scheme assets	53	37
Actuarial gains (losses)	(58)	11
Contributions by employer	86	72
Contributions by scheme participants	44	39
Benefits paid	24	165
Fair value of scheme assets at 31 August 2008	876	734

	31 August 2008 £'000	31 August 2007 £'000	31 August 2006 £'000
Fair value of assets	876	734	410
Present value of scheme liabilities	1,156	909	622
Deficit in scheme	280	175	212
Experience adjustment on scheme assets	(58)	11	—
Experience adjustment on scheme liabilities	33	—	—

For consistency with previous disclosures the assets shown are at mid market prices for the periods prior to 31 August 2008. The asset value shown as at 31 August 2008 is based on bid price, with all asset values estimated where necessary

18 Pension commitments (continued)

b) Non-teachers (continued)

Local Government Pension Scheme (continued)

Contributions (contributions)

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities	£0'00	£0'00	£0'00
Adjustment to discount rate	+1%	0%	-1%
Present value of future obligations	892	1,156	1,496
Projected service costs	102	147	204
Adjustment to mortality age rating	+1 Year	none	-1 Year
Rate of salary growth	1,113	1,156	1,199
Rate of mortality	140	147	154

The Academy has elected not to restate amounts for 2005 and 2004, as permitted by the amendment to FRS17.

19 Post balance sheet events

There were no post balance sheet events after 31 August 2008.

20 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 Children Schools and Families 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.

21 Related party transactions

The Academy has entered into a Service Level Agreement with the Diocese of Southwark, an Academy Sponsor, for professional / expert advice on operating Church of England schools. The value of the SLA is £6,500.

None of the Academy's sponsors have been paid any remuneration or expenses during the year. The Academy has not conducted any business with any of the main sponsor's companies.