

Charity Registration No 1119408  
Company Registration No 6237630 (England & Wales)

**New Charter Academy**  
(A CHARITABLE COMPANY LIMITED BY GUARANTEE)

**TRUSTEES' REPORT AND ACCOUNTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2009**

THURSDAY



PC3 11/02/2010 174  
COMPANIES HOUSE

**NEW CHARTER ACADEMY**  
**FINANCIAL STATEMENTS**  
**Year ended 31 August 2009**

**Contents**

	<b>Page</b>
Company information	3
Trustees' report	4 – 10
Auditor's report	11 – 12
Statement of financial activities	13
Income and expenditure account	14
Balance sheet	15
Cashflow statement	16
Notes to the financial statements	17 – 32

## **NEW CHARTER ACADEMY**

### **COMPANY INFORMATION**

**Year ended 31 August 2009**

<b>Board of Trustees</b>	<b>Position</b>	<b>Date of Appointment</b>
Ian Munro (Chair)	Sponsor Nominee	
Hamid Ghafoor	Responsible Officer	
Ann Whittam	Sponsor Nominee	
Jimmy Burns	Sponsor Nominee	
George Lloyd	Executive Director (Head Teacher)	
Iain Linsdell	Sponsor Nominee (Independent)	25 November 2008
Conrad Chapman	Sponsor Nominee (Community)	25 November 2008
Rachel Gill	Sponsor Nominee (Staff)	26 January 2009

New Charter Academy is a company limited by guarantee (Company registration number 6237630) and is a registered charity (number 1119408) All of the Trustees are also directors of the limited company

**Company Secretary** D McLoughlin

<b>Senior Managers</b>	G Lloyd	Executive Director
	C Barlow	Director of Finance & Corporate Services (appointed 1 Sep 2009)
	A Patel-Mistry	Director of Community & Regeneration
	P Jacques	Academy Director

**Principal Address:** Silver Springs Campus  
Mossley Road  
Ashton-under-Lyne  
OL6 9SD

**Registered Office:** Cavendish 249  
Cavendish Street  
Ashton-under-Lyne  
OL6 7AT

**Auditors:** Baker Tilly UK Audit LLP  
3 Hardman Street  
Manchester  
M3 3HF

**Bankers:** Co-operative Bank  
1 Balloon Street  
Manchester  
M60 4EP

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

The Trustees of New Charter Academy ('the Academy'), who are also directors of the Academy Trust for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2009

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 19 and comply with the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities," issued in March 2005

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

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

The Academy is a company limited by guarantee (No 6237630) and a registered charity (No 1119408). The company's Memorandum and Articles of Association are the primary governing documents of the Academy

The Secretary of State for Children, Schools and Families (DCSF) has the right to appoint one person to the membership of the Academy. This right has not yet been exercised

The members may unanimously agree to appoint such additional members as they think fit

The principal activity of the Academy is to advance education for the public benefit by establishing, maintaining, operating, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, sport and enterprise. The Academy is committed to providing educational facilities and services to students of all ages and the wider community for the public benefit and to undertake research into the development and application of new techniques in education in particular in relation to the Academy's area of curriculum specialisation

#### **Members' Liability**

Each member of the charitable company undertakes to contribute such amounts as may be required (not exceeding £10) 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, for payment of the company's debts and liabilities before he/she ceases to be a member and of the costs, charges and expenses of winding up

#### **Trustees**

The Academy currently has 8 Trustees but can have a governing body of up to 10 Trustees (referred to as governors) who are appointed in accordance with the Academy's Memorandum and Articles of Association and Governor Recruitment Policy

All Trustees have participated in an induction session. A training and development programme and policy is currently being developed

Trustees receive no remuneration or benefits in respect of their duties as trustees but are reimbursed for expenses incurred in carrying out their duties. George Lloyd and Rachel Gill are employees of the Academy and are therefore remunerated accordingly

During the year, the Trustees held 8 governing body meetings

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

#### **Statement of Trustees' accounting and reporting responsibilities**

The Trustees are responsible for preparing the Report and financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires 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 Trust at the end of the financial year and of its surplus or deficit for that year. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- 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 Trust and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the Academy Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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 accounts may differ from legislation in other jurisdictions. The Trustees confirm that so far as they are aware, there is no relevant audit information of which the Academy's auditors are unaware. They have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Academy's auditors are aware of that information.

#### **Organisational structure**

The Trustees meet periodically to receive reports and manage its strategic objectives. In addition to the main governing body, there are three sub-committees which meet to consider certain aspects of Academy life in more detail and make recommendations to the main governing body. These are the Standards and Effectiveness Committee, the Curriculum and Community Committee and the Finance and Audit Committee.

The day to day management is delegated to the Executive Director who has appointed an Executive Team which meets on a frequent basis. The Executive Team consists of

George Lloyd	-	Executive Director
Paul Jacques	-	Academy Director
Claire Barlow	-	Director of Finance & Corporate Services
Arati Patel-Mistry	-	Director of Community & Regeneration

#### **Connected Organisations**

The Academy works closely with its sponsor, New Charter Housing Trust Limited, the DCSF, the Local Authority and other local organisations.

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

The Trustees acknowledge the support of the Academy's sponsor and this support has been provided in a number of ways. These include assistance with various issues relating to the new build, legal and governance support and health & safety advice.

#### **Risk Management**

The Trustees are in the process of reviewing the Academy's system for risk management. The major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy and its finances have been assessed and a number of processes and controls have been implemented to minimise and manage risk, including an effective system of internal financial control which is further detailed in the next section. The main risks identified include:

- Business Continuity
- Safeguarding
- Personnel
- Environmental
- Market and sector
- Legal and compliance
- Financial
- Health and safety

#### **Statement on the system of internal financial control**

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

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes -

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees,
- reviews by the Trustees and the DCSF 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 duty,
- identification and management of risks.

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

In addition, the Trustees have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following

- the type of risks the Academy faces,
- the level of risks which they regard as acceptable,
- the likelihood of the risks materialising,
- the Academy's ability to reduce the incidence and impact on its operations of risks that do materialise,
- the costs of operating particular controls relative to the benefit obtained,

During the next financial year they will

- allocate risk owners from within the Academy's Senior Leadership Team to implement any actions for improvement arising from the risk management process
- explain to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embed the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- develop systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- implement procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Trustees have appointed Hamid Ghafoor, a Trustee, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. As permitted by the DCFS Financial Handbook for Academies, this task has been outsourced to Baker Tilly. On a quarterly basis, the external auditors will report to the Responsible Officer on the operation of the systems of control and on the discharge of the Responsible Officer's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

#### **OBJECTIVES AND ACTIVITIES**

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

- deliver maximum value-added for each student
- improve standards of student attainment in literacy and numeracy
- develop an enriched and extended curriculum with a focus on Active Citizenship and Cultural Entitlement
- raise aspirations for individual students, parents and the wider community
- provide a high quality building, designed to minimise impact on the environment and which encourages learning, self-discipline and community involvement
- provide a high achieving and disciplined environment
- establish a centre of excellence in school leadership
- meet the needs of local and regional employers for workforce of the future
- work in collaboration with the Local Authority, schools, colleges and universities
- create a Training School culture of continuous professional development for all staff
- establish a viable sixth form

#### **Strategies and activities**

The Academy has a number of strategies to aid the achievement of the stated objectives including

- Tuition and learning opportunities for all students to attain appropriate academic qualifications, including after hours and weekend classes
- A programme of sporting and other enrichment activities for all students
- Secondments and placing of students with industrial and commercial partners
- Training opportunities for all staff and especially teaching staff
- Established team of Academy and sponsor staff responsible for the delivery of a new building which fulfils all the requirements of the new space

#### **Equal opportunities**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunities 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 Trust is to support the recruitment and retention of students and employees with disabilities. Disabled employees are accorded equal opportunities for training, career development and promotion



## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

#### **ACHIEVEMENTS AND PERFORMANCE**

The Academy opened on 1 September 2008, operating from the two predecessor school sites. Total students in the year ended 31 August 2009 numbered 1,355. The Academy works to an average number of students in each of the five year groups of 270.

Over the course of the financial year, the Academy's Management Team have spent considerable time and effort integrating the staff and pupils of the two predecessor schools and have begun to embed the vision and core values of New Charter Academy throughout the organisation.

Examination results for 2009 were very encouraging with 33% achieving five GCSE grades A-C including English and Maths (predecessor schools result 2008 26.5%, Government floor target 2009 30%, Academy target 2009 35%).

To ensure that standards are continually raised the Academy operates a programme of observation of lessons, is visited by inspectors and secures the services of educational consultants to provide feedback on progress and identify areas for improvement, and undertakes a comparison of results from entry to Key Stage 3 to GCSE to assess the added value.

#### **FINANCIAL REVIEW**

##### **Financial report for the year**

Most of the Academy's income is obtained from the DCFS in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DCFS during the year ended 31 August 2009 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In addition to the recurrent grants, as a newly established Academy, start-up grants to the value of £1.7m have been received in the year. A large portion of these funds have been used to improve the predecessor buildings and staff appropriately to operate effectively across two sites.

The Academy also receives grants for fixed assets from the DCFS. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants 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.

During the year ended 31 August 2009, total expenditure of £9,611,506 (including start-up costs) was more than covered by recurrent grant funding from the DCFS together with other incoming resources. The excess of income over expenditure for the year (before FRS17 pension scheme accounting entries) was £587,112, largely represented by start-up funding carried forward to 2010.

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2009**

The bulk transfer of non-teaching staff who are members of the Local Government Pension Scheme (LGPS) from the Tameside Metropolitan Borough Council to the Academy took place on the 1 September 2008. The pension scheme reported a deficit as at 31 August 2009 of £314,000 which has been reflected within the accounts for the period.

#### **Reserves policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to 5% of GAG income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £460,251. This exceeds 5% of GAG.

#### **Activities for the public benefit**

The Trustees have a duty to have regard to the statutory guidance issued by the Charity Commission on public benefit. The Trustees consider how planned activities contribute to satisfying all aspects of the public benefit requirements. The Academy provides education to children from a wide range of social and financial backgrounds including the most disadvantaged. This year the Academy used a portion of its funding to provide opportunities for many of these pupils to participate in enrichment activities and to recognise pupil achievement.

#### **Financial position**

The Academy held fund balances at 31 August 2009 of £2,800,839 comprising £2,000,000 Permanent Endowment Fund, £460,251 Unrestricted Fund, £136,760 Restricted Fixed Asset Fund, £517,828 Restricted General Fund and a pension reserve deficit of £314,000.

#### **Plans for future**

The Academy will strive to improve the performance of all its students and make efforts to ensure its students successfully secure employment, further education or training upon leaving the Academy.

The Academy will also offer students the chance to stay on at New Charter with the opening of the Sixth Form in September 2010. Although small numbers are expected initially, the plan is to grow the student numbers to an average of 300 once we are established in our new building (planned to take occupancy in September 2011).

#### **AUDITORS**

Baker Tilly UK Audit LLP was re-appointed as auditor to the Academy Trust for the year to 31 August 2009 following a tendering process.

The report of the Trustees was approved by the Trustees and signed on their behalf by

Chair of Board I H MUNRO

Date

14/12/09

## **NEW CHARTER ACADEMY**

### **REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF NEW CHARTER ACADEMY**

We have audited the financial statements of New Charter Academy for the year ended 31 August 2009 on pages 13 to 32

This report is made solely to the charitable company's members, as a body, in accordance with sections 495 and 496 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 Trustees and auditors**

The responsibilities of the Trustees (who are also the directors of New Charter Academy for the purposes of company law) for preparing the Report and the financial statements in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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, have been properly prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families, United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with those financial statements. We also report to you whether in our opinion grants made by the Department for Children, Schools and Families have been applied for the purposes intended.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with accounting records and returns, if we have not received all the information and explanations we require for our audit, or if disclosures of Trustees' remuneration, specified by law are not made.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit 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 judgments 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.

## NEW CHARTER ACADEMY

### REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF NEW CHARTER ACADEMY

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2009 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 Companies Act 2006,
- 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,
- Grants made by the Department for Children, Schools and Families have been applied for the purposes intended, and
- the information given in the Trustees' Report is consistent with the financial statements

*Dale Thorpe*

DALE THORPE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

*24 December 2009*

**NEW CHARTER ACADEMY**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 August 2009**

		Permanent Endowment Fund	Unrestricted Fund	Restricted General Funds	Restricted Fixed Asset Funds	Total 2009	Total 2008
	Note	£	£	£	£	£	£
<b>Incoming resources from generated funds</b>							
- Voluntary income	3	-	-	-	-	-	2,450,501
- Investment income	4	-	90,811	-	-	90,811	121,752
- Activities for generating funds	4	-	229,474	-	-	229,474	-
<i>Incoming resources from charitable activities</i>							
- Funding of the Academy Trust's educational operations	2	-	-	9,878,333	-	9,878,333	1,681,084
<b>Total incoming resources</b>		-	320,285	9,878,333	-	<b>10,198,618</b>	<b>4,253,337</b>
<b>Resources expended</b>							
<i>Charitable activities</i>							
- Academy Trust's educational operations	5	-	322,832	9,204,031	59,340	9,586,203	1,659,135
<i>Governance costs</i>	7	-	-	25,303	-	25,303	7,475
<b>Total resources expended</b>		-	322,832	9,229,334	59,340	<b>9,611,506</b>	<b>1,666,610</b>
<b>Net incoming (outgoing) resources before transfers</b>		-	(2,547)	648,999	(59,340)	587,112	2,586,727
<b>Transfers</b>							
Gross transfers between funds		-	-	(64,696)	64,696	-	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		-	(2,547)	584,303	5,356	<b>587,112</b>	<b>2,586,727</b>
<b>Other recognised gains and losses</b>							
Actuarial (losses) gains on defined benefit pension schemes		-	-	(373,000)	-	<b>(373,000)</b>	-
<b>Net movement in funds</b>		-	(2,547)	211,303	5,356	<b>214,112</b>	-
<b>Reconciliation of funds</b>							
Total funds brought forward at 31 August 2008		2,000,000	462,798	(7,475)	131,404	<b>2,586,727</b>	-
<b>Fund balances carried forward at 31 August 2009</b>		<b>2,000,000</b>	<b>460,251</b>	<b>203,828</b>	<b>136,760</b>	<b>2,800,839</b>	<b>2,586,727</b>

**NEW CHARTER ACADEMY**  
**INCOME AND EXPENDITURE ACCOUNT**

**for the year ended 31 August 2009**

	Note	2009 £	2008 £
<b>Income</b>			
General Annual Grant (GAG)	1	6,947,514	-
DCSF and other government grants	2	2,930,819	1,681,084
Private sector sponsorship	3	-	2,450,501
Other income	4	320,285	121,752
<b>Total income</b>		<u>10,198,618</u>	<u>4,253,337</u>
<b>Expenditure</b>			
General Annual Grant (GAG) related expenditure	5 & 6	6,947,514	-
Other DCSF and grant expenditure	5, 6 & 7	2,340,820	1,666,610
Depreciation	11	59,340	-
Other expenditure		263,832	-
<b>Total expenditure</b>		<u>9,611,506</u>	<u>1,666,610</u>
<b>Excess of income over expenditure</b>		<u><b>587,112</b></u>	<u><b>2,586,727</b></u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS &amp; LOSSES</b>			
Excess of income over expenditure		587,112	2,586,727
Actuarial (losses) gains on defined benefit scheme		(373,000)	-
<b>Total recognised gains and losses for the year</b>		<u><b>214,112</b></u>	<u><b>2,586,727</b></u>
<b>Net transfer to funds</b>			
Permanent Endowment Fund	15	-	2,000,000
Unrestricted Fund	15	(2,547)	462,798
Restricted General Fund	14 & 15	525,303	(7,475)
Restricted Fixed Asset Fund	14 & 15	5,356	131,404
Restricted Pension Fund	15	(314,000)	-
		<u><b>214,112</b></u>	<u><b>2,586,727</b></u>

The Income and Expenditure account is derived from the Statement of Financial activities on page 13 which, together with the notes to the accounts on pages 17 to 32 provides full information on the movements during the year on all the funds of the Academy

All items dealt with in arriving at the excess of income over expenditure for the year relate to continuing operations

**NEW CHARTER ACADEMY  
BALANCE SHEET**

**As at 31 August 2009**

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	11	136,760	131,404
<b>Current assets</b>			
Debtors	12	490,628	939,260
Cash at bank and in hand		3,019,852	2,569,849
		3,510,480	3,509,109
<b>Current liabilities</b>			
Creditors amounts falling due within one year	13	(532,401)	(1,053,786)
<b>Net current assets</b>		2,978,079	2,455,323
<b>Total assets less current liabilities</b>		3,114,839	2,586,727
<b>Pension scheme liability</b>	20	(314,000)	-
<b>Net assets including pension scheme liability</b>		<b>2,800,839</b>	<b>2,586,727</b>
<b>Funds</b>			
<b>Restricted fund</b>			
Permanent Endowment Fund	15 & 16	2,000,000	2,000,000
Restricted Pension Fund	15 & 16	(314,000)	-
Restricted Fixed Asset Fund	15 & 16	136,760	131,404
Restricted General Fund	15 & 16	517,828	(7,475)
<b>Unrestricted fund</b>			
Unrestricted General Fund	15 & 16	460,251	462,798
<b>Total funds</b>		<b>2,800,839</b>	<b>2,586,727</b>

The notes on pages 17 to 32 form part of these financial statements

The financial statements were approved by the Board of Trustees on 14 December 2009 and signed on its behalf and authorised for issue by

Chair – I H Munro

Responsible Officer – H Ghafoor

**NEW CHARTER ACADEMY**  
**CASHFLOW STATEMENT**  
**for the year ended 31 August 2009**

	Note	2009 £	2008 £
<b>Operating activities</b>			
<b>Receipts</b>			
Implementation grant from DCSF		842,744	385,403
General Annual Grant from DCSF		7,035,111	96,126
Start up grant from DCSF		1,726,921	-
New Charter Housing sponsorship		-	2,450,501
Other grants		810,637	-
Other receipts		239,474	39,450
		<u>10,654,887</u>	<u>2,971,480</u>
<b>Payments</b>			
Staff costs		(6,740,522)	(394,720)
Other operating costs		(3,536,017)	(128,663)
		<u></u>	<u></u>
<b>Net cash inflow from operating activities</b>		378,348	2,448,097
<b>Returns on investments and servicing of finance</b>			
Interest received		71,655	121,752
		<u></u>	<u></u>
<b>Net cash inflow from operating activities</b>	19	450,003	2,569,849
		<u></u>	<u></u>
<b>Capital (expenditure)/income</b>			
Capital grants from DCSF		64,696	131,404
Purchase of tangible fixed assets		(64,696)	(131,404)
		<u></u>	<u></u>
		-	-
		<u></u>	<u></u>
<b>Net increase in cash</b>		450,003	2,569,849
		<u></u>	<u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period		450,003	2,569,849
		<u></u>	<u></u>
Change in net funds		450,003	2,569,849
Net funds at 31 August 2008		2,569,849	-
		<u></u>	<u></u>
Net funds at 31 August 2009		3,019,852	2,569,849
		<u></u>	<u></u>
<b>Note to the cash flow statement</b>			
<b>Analysis of changes in net funds</b>			
Cash at bank and in hand		450,003	2,569,849
		<u></u>	<u></u>
<b>Total</b>		450,003	2,569,849
		<u></u>	<u></u>



**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies, all of which have been applied consistently throughout the year are

**Format of financial statements**

The standard format for the financial statements as required by the Companies Act 2006 schedule 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 are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' revised in March 2005, Financial Reporting and Annual Accounts requirements issued by the DCSF and applicable accounting standards.

**Fund Accounting**

Unrestricted funds represent those resources which may be used towards meeting any of the objects of the Academy Trust at the discretion of the Trustees

Restricted funds comprise grants from the DCSF and other donors which are to be used for specific purposes

**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 matched to relevant expenditure during the year is shown in the restricted income fund on the balance sheet

**Sponsorship**

The value of sponsorship provided to the Academy is recognised in the statement of financial activities in the year in which it is receivable

**Donations**

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

**Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the year which they are receivable, and where the benefit is both quantifiable and material

**Interest receivable**

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

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**Endowment funds**

Any income realised from the Endowment fund are included in the statement of financial activities on a receivable basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date. Any expense related to the Endowment fund are recognised in the year which they are incurred.

**Resources expended**

Resources expended are recognised in the year 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 cost of generating funds, the Academy Trust'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 Trust's compliance with statutory requirements, including audit, strategic management and Trustees meetings. Such costs include both direct and allocated support costs.

**Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are stated at cost less depreciation.

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 -

Leasehold improvements	2% p a
Furniture, fittings and equipment	20% p a
Computer equipment	33% p a
Motor vehicles	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.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Taxation**

The company is a registered charity and as such is exempt from Income and Corporation taxes under the provision of the Income and Corporation Taxes Act 1988.

**Operating Leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**Pensions**

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 Department for Children, Schools and Families. As the Academy 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 represents the contributions payable by the Academy in the year.

Non teaching members of staff are offered membership of Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme and is able to identify the Academy's share of assets and liabilities. The requirements of FRS 17, Retirement Benefits, has therefore 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.

# NEW CHARTER ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2009

### 1 GENERAL ANNUAL GRANT (GAG)

	2009 £	2008 £
GAG brought forward from previous year	-	-
GAG allocation for current year	6,947,514	-
<b>Total GAG available to spend</b>	6,947,514	-
Recurrent expenditure from GAG	(6,947,514)	-
<b>GAG carried forward to next year</b>	-	-

### 2 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	2009 £	2008 £
DCSF – General Annual Grant (note 1)	6,947,514	-
Start up Grant	1,726,921	18,480
Standards Fund Grant	555,543	-
ICT Grant	283,347	-
Devolved Formula Capital Grant	179,813	-
Educational Improvement Grant	99,913	-
Special Educational Needs	65,766	-
Other grant income	19,516	-
Implementation Grant	-	1,310,000
Environmental Works Grant	-	221,200
Capital Grant	-	131,404
	<b>9,878,333</b>	<b>1,681,084</b>

### 3 VOLUNTARY INCOME

	2009 £	2008 £
Permanent endowment	-	2,000,000
Other additional contributions	-	450,501
	<b>-</b>	<b>2,450,501</b>

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**4 INVESTMENT INCOME & ACTIVITIES FOR GENERATING FUNDS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank interest	90,811	121,752
Catering	126,201	-
Hire of facilities	23,515	-
Other income	79,758	-
	<u>320,285</u>	<u>121,752</u>

**5 RESOURCES EXPENDED**

	<b>Staff Costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Direct costs	5,951,859	46,318	1,391,304	7,389,481	-
Support costs	807,698	13,022	1,376,002	2,196,722	1,659,135
	<u>6,759,557</u>	<u>59,340</u>	<u>2,767,306</u>	<u>9,586,203</u>	<u>1,659,135</u>
Governance costs	-	-	25,303	25,303	7,475
	<u>6,759,557</u>	<u>59,340</u>	<u>2,792,609</u>	<u>9,611,506</u>	<u>1,666,610</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 18

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2009

**6 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>DIRECT COSTS</b>		
Teaching and educational support staff costs	5,951,859	-
Depreciation	46,318	-
Books apparatus, fees and stationery	882,376	-
Examination fees	114,688	-
Travel and trips	130,999	-
Staff development	66,532	-
Educational consultancy	96,071	-
Supply staff	89,615	-
Other direct costs	11,023	-
	<u>7,389,481</u>	<u>-</u>
<b>SUPPORT COSTS</b>		
Support staff costs	807,699	-
Depreciation	13,022	-
Maintenance of premises and equipment	370,389	-
Cleaning	82,238	-
Rent and rates	28,498	-
Utility costs	219,089	-
Insurance	67,132	-
Transport	13,675	-
Catering	142,154	-
Professional fees	113,228	-
Technology costs	111,761	-
Uniform costs	106,488	-
Staff recruitment	40,688	-
Recruitment	37,703	-
Other costs	42,958	-
Implementation costs	-	1,419,455
Lead in costs	-	18,480
Environmental works	-	221,200
	<u>2,196,722</u>	<u>1,659,135</u>

**7 GOVERNANCE COSTS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Auditors remuneration - audit	21,303	7,475
Auditors remuneration – non-audit	4,000	-
	<u>25,303</u>	<u>7,475</u>

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**8 STAFF COSTS**

The average number of persons (including executive team) employed by the Academy during the year ended 31 August 2009 expressed as full time equivalents was as follows

	2009 No.	2008 No.
<b>Charitable Activities</b>		
Teachers	108	-
Administration and support	92	1
Management	3	4
	<u>203</u>	<u>5</u>

Staff costs comprise	2009	2008
	£	£
Wages and salaries	5,650,881	348,535
Social security costs	411,411	20,525
Other pension costs	697,265	25,660
	<u>6,759,557</u>	<u>394,720</u>

Two employees earned more than £60,000 per annum (including taxable benefits but excluding employer's pension contributions) during the year ended 31 August 2009. The total emoluments of these employees were in the following ranges

	2009 No	2008 No
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
over £100,000	1	1
	<u>2</u>	<u>2</u>

Both of the employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2009, pension contributions for these staff amounted to £26,000 (2008 £16,945)

**9 EMOLUMENTS AND EXPENSES OF TRUSTEES AND GOVERNORS**

The governors of the Academy did not receive any payment from the Academy during the year for performing the role of governor

Two of the governors, G Lloyd and R Gill are both employees of the Academy and are therefore in receipt of salary payments in line with their employment

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 August 2009**

**10 TRUSTEES, GOVERNORS AND OFFICERS INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides for cover up to £1,000,000 on any one claim.

**11 TANGIBLE FIXED ASSETS**

	<b>ICT equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
As at 31 August 2008	131,404	131,404
Additions	64,696	64,696
At 31 August 2009	<u>196,100</u>	<u>196,100</u>
<b>Depreciation</b>		
As at 31 August 2008	-	-
Charge in year	59,340	59,340
At 31 August 2009	<u>59,340</u>	<u>59,340</u>
<b>Net book value</b>		
At 31 August 2009	<u>136,760</u>	<u>136,760</u>
At 31 August 2008	<u>131,404</u>	<u>131,404</u>
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Source of funding for assets acquired</b>		
DCSF capital grant	-	131,404
Devolved Formula Capital Grant	64,696	-



**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 August 2009**

**12 DEBTORS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Amounts owed from DCSF ICT & Educational Improvement grant debtor	383,260	-
Amounts owed from DCSF implementation grant debtor	-	692,860
Amounts owed from DCSF fixed asset acquisition debtor	-	131,404
Amounts owed from DCSF start up debtor	-	18,480
Prepayments & accrued income	107,268	96,516
Other debtors	100	-
	<u>490,628</u>	<u>939,260</u>

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Amounts due to Sponsor	-	758,931
Amounts due to DCSF	77,466	-
Accruals	128,399	-
Deferred Income	183,723	96,126
Trade creditors	142,813	198,729
	<u>532,401</u>	<u>1,053,786</u>

**14 RESTRICTED FUNDS**

	<b>Balance at 31 August 2008</b>	<b>Incoming resources</b>	<b>Resources Expended</b>	<b>Gains, losses and transfers</b>	<b>Balance at 31 August 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,947,514	(6,947,514)	-	-
Start up grant	-	1,726,921	(1,209,093)	-	517,828
Other grants	(7,475)	1,203,898	(1,131,727)	(64,696)	-
	<u>(7,475)</u>	<u>9,878,333</u>	<u>(9,288,334)</u>	<u>(64,696)</u>	<u>517,828</u>
<b>Restricted fixed asset fund</b>					
Restricted fixed asset fund	131,404	-	(59,340)	64,696	136,760
<b>Restricted pension fund</b>					
Pension scheme deficit	-	-	-	(314,000)	(314,000)
	<u>123,929</u>	<u>9,878,333</u>	<u>(9,347,674)</u>	<u>(314,000)</u>	<u>340,588</u>

- i) Note 2 provides further detail of the restricted incoming resources. These monies must be used by the academy to deliver and improve educational provision.
- ii) The gross transfer from the restricted general fund to the restricted fixed asset fund of £64,696 represents the total expenditure capitalised during the year.

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**15 NET MOVEMENT IN FUNDS**

	Balance 1 August 2008 £	Incoming resources £	Resources expended £	Transfer between funds £	Actuarial losses £	Balance 31 August 2009 £
Unrestricted	462,798	320,285	(322,832)	-	-	460,251
Endowed	2,000,000	-	-	-	-	2,000,000
Restricted	123,929	9,878,333	(9,288,674)	-	(373,000)	340,588
<b>Total funds</b>	<b>2,586,727</b>	<b>10,198,618</b>	<b>(9,611,506)</b>	<b>-</b>	<b>(373,000)</b>	<b>2,800,839</b>

**16 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted Fixed Asset Fund £	Unrestricted Funds £	Restricted General Fund £	Restricted Endowment £	Total £
<b>Balance 31 August 2009</b>					
Tangible Fixed Assets	136,760	-	-	-	136,760
Current Assets	-	460,251	1,050,229	2,000,000	3,510,480
Creditors falling due within one year	-	-	(532,401)	-	(532,401)
Pension scheme liability	-	-	(314,000)	-	(314,000)
<b>Funds</b>	<b>136,760</b>	<b>460,251</b>	<b>203,828</b>	<b>2,000,000</b>	<b>2,800,839</b>

**17 OPERATING LEASE COMMITMENTS**

At 31 August 2009 the Academy had annual commitments under non-cancellable operating leases as follows

	<b>2009 £</b>	<b>2008 £</b>
Operating leases which expire		
Within one year	21,840	-
Within two to five years	11,363	33,203

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**18 RELATED PARTY TRANSACTIONS**

The Academy has a close working relationship with New Charter Housing Trust. New Charter Housing nominate the majority of trustees (see the trustees' annual report) and provide funding to enable the charity to carry out its charitable objectives. The following is a summary of funding received:

	2009	2008
	£	£
New Charter Housing Trust	-	450,501

The above funding was received as grant funding. This income has been included in the financial statements under incoming resources from generated funds.

In addition, New Charter Housing Trust provides certain support services to the Academy. The amount invoiced to the Academy in 2009 was £182,988. There was a trade creditor balance of £25,329 with New Charter Housing Trust as at 31st August 2009 (2008 £758,931).

The charity was also provided with temporary school buildings by Tameside Borough Council at a peppercorn rent. The charity trustees were not paid or reimbursed expenses during the year and no charity trustee received any emolument or payment for professional or other services.

**19 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2009	2008
	£	£
Net incoming / (outgoing) resources	587,112	2,586,727
Depreciation	59,340	-
Decrease/(increase) in debtors	448,632	(939,260)
(Decrease)/increase in creditors	(521,385)	1,053,786
Capital expenditure	(64,696)	(131,404)
FRS17 pension charge to net (outgoing) resources	(59,000)	-
Net cash inflow from operating activities	<u>450,003</u>	<u>2,569,849</u>

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**20 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 Pension Scheme (LGPS) for non managed staff which is managed by Greater Manchester Pension Fund.

The total pension cost to the Academy during the year ended 31 August 2009 was £697,266 of which £519,410 relates to the Teachers Pension Scheme.

**TEACHER'S PENSION SCHEME (TPS)**

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits the TPS scheme is classed as a multi employer pension scheme. The Academy is unable to identify its share of the underlying (notional) 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 were a defined contribution scheme. The Academy has set out below the latest information available for the scheme.

The TPS is a statutory, contributory, final salary scheme. The regulations under which the TPS operates are the Teachers Pension Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education. Teachers are also able to opt out of TPS.

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

The Teachers Pensions Regulations require an annual account, the Teachers Pension Account, to be kept of receipts and expenditure (including the cost of pension increases). The Regulations state that with effect from 1 April 2001, the account will be 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 the real rate of return.

Not less than every five years, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions. The latest actuarial review carried out as at 31 March 2004 showed the value of the scheme assets was less than the value of the scheme liabilities. The scheme assets consist of the notional investments and the future contributions in respect of existing members. Thus, the balance in the Account as at 31 March 2004 is determined as the difference between the value of the scheme liabilities and the value of future contributions.

The Teachers Pensions Regulations was amended to implement significant changes to the benefit structure of the Teachers Pension Scheme with effect from 1 January 2007, both for new members and existing members. The new TPS Regulations also allow existing members and new entrants retiring after 1 January 2007 to take advantage of the new pensions tax regime introduced from 6 April 2006. Both changes have consequential implications for actuarial reviews (including the current review, as at 31 March 2004).

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

Contributions are assessed in two parts. First, a normal contribution is determined. This is the contribution, expressed as a percentage of the salary of the teacher newly entering service, which would defray the cost of benefits payable in respect of that service.

Secondly, a supplementary contribution is payable by employers if, as a result of the actuarial investigation, it is found that the accumulated liabilities of the Account for benefits to past and present teachers are not fully covered by normal contributions to be paid in future and by the fund build up from past contributions. As the 2004 valuation revealed a deficiency a supplementary contribution is payable from 1 January 2007.

The last valuation of the TPS was the period 1 April 2001 to 31 March 2004. The GA's report of November 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) was less than the value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date). The amount of the deficiency determined under the new provisions and under the current provisions is noted below. 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%.

Under the new provisions that came into force on 1 January 2007, the combined standard contribution rate payable in respect of all members is 19.75%, payable from 1 January 2007. (This is based on the adjusted contribution rate for existing members of 19.8% and the standard contribution rate for new entrants of 19.15%, both payable from 1 January 2007). There is a deficiency of £1,840 million as at 31 March 2004, which would be eliminated by a supplementary contribution of 0.75% of salary payable for 15 years from 1 January 2007. The total contribution rate payable from 1 January 2007 would have been 21.45% of salary.

Under a UK-wide agreement the member contribution rate has been set at 6.4% from 1 January 2007 until it is reviewed in light of the next actuarial valuation. The total recommended rate of contribution payable by employers from 1 January 2007 is therefore 14.1% of salary.

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2009 was £519,410 (2008: £15,980), which were the contributions due for the year.

**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 total contribution made for the year ended 31 August 2009 was £259,079 of which employer's contributions totalled £177,856 (2008: £9,680) and employees' contributions totalled £81,223. The agreed contribution rates for the year ended 31 August 2009 were 13.5% for employers and 6% for employees.

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

The following information is based upon a full actuarial valuation of the fund at 31 March 2007, updated to 31 August 2009 by a qualified independent actuary

The major assumptions used by the actuary were

	<b>31 Aug 2009</b>
	<b>% p.a.</b>
Rate of increase in salaries	3.4%
Rate of increase in pensions	4.9%
Discount rate for liabilities	6.5%
Inflation	5.4%

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were

	<b>Long-term rate of return expected at 31 Aug 2009</b>	<b>Value at 31 Aug 2009 £'000</b>
Equities	7.2%	1,547
Bonds	4.7%	327
Property	5.2%	131
Cash	4.3%	174
<b>Total fair value of assets</b>		<b>2,179</b>
Present value of scheme liabilities		<b>(2,493)</b>
<b>Net pension liability</b>		<b>(314)</b>

**Analysis of amount chargeable to income and expenditure account**

	<b>2009 £'000</b>
<i>Amounts charged to operating costs</i>	
Current service cost	224
Gain arising on bulk transfer	(112)
<i>Amounts included in other finance cost</i>	
Expected return on scheme assets	(141)
Interest on scheme liabilities	131
<b>Total amount charged to income and expenditure</b>	<b>102</b>

Employer contributions for the financial year ended 31 August 2010 are estimated at approximately £186,000

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

**Amount recognised in the statement of total recognised gains and losses**

	<b>2009</b> <b>£'000</b>
Actuarial losses on scheme liabilities	(180)
Actuarial losses on scheme assets	(193)
	<hr/>
Actuarial gains /(losses)	(373)
	<hr/>

**Movement in deficit during the year**

	<b>2009</b> <b>£'000</b>
Deficit in the scheme at 31 August 2008	0
Movement in the year	
Current service cost	(224)
Employer contributions	161
Expected returns on scheme assets	141
Interest cost	(131)
Gain arising on bulk transfer	112
Actuarial (loss) gain	(373)
	<hr/>
Deficit in the scheme at 31 August 2009	(314)
	<hr/>

*History of experience gains and losses*

	<b>2009</b> <b>£'000</b>
Experience gains/(losses) on scheme assets	(193)
	<hr/>
Experience gains/(losses) on scheme liabilities	2
	<hr/>

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2009**

*Principal demographic assumptions*

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The average future life expectancies at age 65 are summarised below

	<b>2009</b>
<i>Males</i>	
Current pensioners	19.6
Future pensioners	20.7
	<hr/>
<i>Females</i>	
Current pensioners	22.5
Future pensioners	23.6
	<hr/>

Changes in the present value of the defined benefit obligation are as follows

	<b>2009</b>
	<b>£'000</b>
Opening defined benefit obligation	-
Service cost (net of employee contributions)	299
Interest cost	131
Actuarial losses/(gains)	191
Liabilities assumed in a Business Combination	1,872
Closing defined benefit obligation	<hr/> 2,493 <hr/>

Changes in the fair value of scheme assets are as follows

	<b>£'000</b>
Opening scheme assets	-
Expected return	141
Actuarial (losses)/ gains	(193)
Assets acquired in a Business Combination	1,995
Contributions by employer	161
Contributions by employees	75
Closing scheme assets	<hr/> 2,179 <hr/>

The actual return on scheme assets was (£52k) (2008: £nil)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 August 2008)