

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 YEAR ENDED 31 AUGUST 2010**



**NEW CHARTER ACADEMY**  
**FINANCIAL STATEMENTS**  
**Year ended 31 August 2010**

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**NEW CHARTER ACADEMY**  
**COMPANY INFORMATION**  
**Year ended 31 August 2010**

<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)	
Conrad Chapman	Sponsor Nominee (Community)	
Rachel Gill	Sponsor Nominee (Staff)	
Barry Warner	Parent Governor	14 December 2009
Tracey Watkin	Local Authority Governor	5 October 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 and Registered 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 2010**

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 2010

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts 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 Education (DfE) 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 10 Trustees and can have a governing body of up to 11 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 6 governing body meetings

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2010**

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

The governors are responsible for preparing the Governors' Annual Report and the financial statements in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, United Kingdom Generally Accepted Accounting Practice and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP),
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 charitable company will continue in business

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

#### **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 DfE, the Local Authority and other local organisations to advance for public benefit education for pupils at the Academy and establish links with the local community.

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2010**

The Trustees acknowledge the support of the Academy's sponsor which 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. The DfE provides grant funding to the Academy (details of which are provided in Note 2 to the financial statements).

#### **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 DfE 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 2010**

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,

The following actions have been initiated during the financial year

- 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 DfE Financial Handbook for Academies, this task has been outsourced. On an annual basis, the firm providing these services will report to the Trustees on the operation of the systems of control and on the discharge of the Trustees' 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 2010**

#### **OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT**

The Governor's have considered the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charities Commission. The sole activity of the Academy is to advance for public benefit 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 2010**

**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 2010 numbered 1,314. The Academy works to a maximum number of students in each of the 7-11 year groups of 270. The new sixth form opened in September 2010 with an initial cohort of 41 students.

Over the course of the financial year, the Academy's Management Team have continued to integrate staff and pupils of the two predecessor schools and embed the vision and core values of New Charter Academy throughout the organisation.

Examination results for 2010 were very encouraging with 35.5% achieving five GCSE grades A-C including English and Maths (2009 33.0%, Government floor target 2010 30.0%, Academy target 2011 41.0%).

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 DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2010 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 £0.2m (2009 £1.7m) have been received in the year. A large portion of these funds have been used to maintain the predecessor buildings and allow staff to operate effectively across two sites.

The Academy also receives grants for fixed assets from the DfE. 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.

£700,000 (2009 £nil) voluntary donations were received from related parties. This is shown as unrestricted income.

£2,000,000 permanent endowment fund and other cash not required to meet day to day running expenses is invested in short-term deposit accounts with the Academy's bank. Interest received on these deposits was £47,790 compared to £90,811 in the previous year due to a reduction in the interest rates available.

During the year ended 31 August 2010, total expenditure of £8,719,076 (2009 9,611,506 including start up costs) was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year was £257,727 (2009 587,112), largely represented by voluntary donations carried forward to 2010.

## **NEW CHARTER ACADEMY**

### **TRUSTEES' REPORT**

**Year ended 31 August 2010**

Non-teaching staff are members of the Local Government Pension Scheme (LGPS) The pension scheme reported a deficit as at 31 August 2010 of £297,000 (2009 £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 10% 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 £1,085,596 (2009 £460,251) which is adequate

#### **Financial position**

The Academy held fund balances at 31 August 2010 of £3,115,566 comprising £2,000,000 Permanent Endowment Fund, £1,085,596 Unrestricted Fund, £83,718 Restricted Fixed Asset Fund, £243,252 Restricted General Fund and a pension reserve deficit of £297,000

#### **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 also offers students the chance to stay on at New Charter with the opening of the Sixth Form in September 2010 The first year intake of over 40 was higher than expected 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)

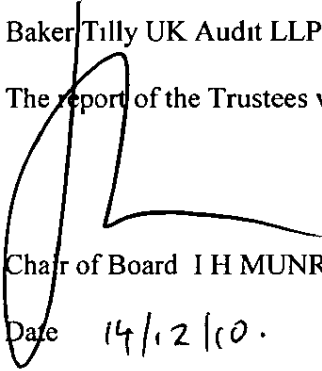
#### **Relevant audit information**

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

#### **AUDITORS**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

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



Chair of Board I H MUNRO

Date 14/12/10.

**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 Trust Limited for the year ended 31 August 2010 on pages 13 to 32

This report is made solely to the charitable company's members, as a body, in accordance Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of governors and auditors**

The responsibilities of the governors (who act as trustees for charitable activities of New Charter Academy and are also the directors of the company for the purposes of company law) for preparing the Trustees' Report and the financial statements in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education, 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 Governors' 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 Education, 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 Governors' Annual Report is consistent with those financial statements. We also report to you whether in our opinion grants made by the Department for Education 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 governors' 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 governors 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.

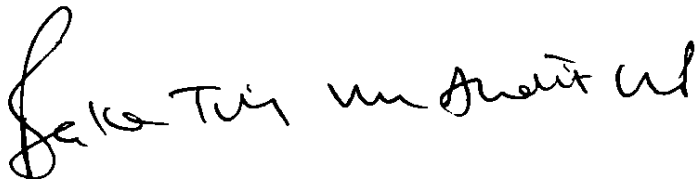
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

**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 2010 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 Education in respect of the relevant financial year,
- Grants made by the Department for Education have been applied for the purposes intended, and
- the information given in the Trustees' Report is consistent with the financial statements



DALE THORPE FCA DChA (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester M3 3HF

15 December 2010

**NEW CHARTER ACADEMY**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 August 2010**

		Permanent Endowment Fund	Unrestricted Fund	Restricted General Funds	Restricted Fixed Asset Funds	Total 2010	Total 2009
	Note	£	£	£	£	£	£
<b>Incoming resources from generated funds</b>							
- Voluntary income	4	-	700,000	-	-	700,000	-
- Investment income	5	-	47,790	-	-	47,790	90,811
- Activities for generating funds	5	-	236,031	-	-	236,031	229,474
<i>Incoming resources from charitable activities</i>							
- Funding of the Academy Trust's educational operations	3	-	-	7,992,982	-	7,992,982	9,878,333
<b>Total incoming resources</b>		-	983,821	7,992,982	-	8,976,803	10,198,618
<b>Resources expended</b>							
<i>Charitable activities</i>							
- Academy Trust's educational operations	6	-	358,476	8,274,318	68,126	8,700,920	9,586,203
<i>Governance costs</i>	8	-	-	18,156	-	18,156	25,303
<b>Total resources expended</b>		-	358,476	8,292,474	68,126	8,719,076	9,611,506
<b>Net incoming (outgoing) resources before transfers</b>		-	625,345	(299,492)	(68,126)	257,727	587,112
<b>Transfers</b>							
Gross transfers between funds		-	-	(15,084)	15,084	-	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		-	625,345	(314,576)	(53,042)	257,727	587,112
<b>Other recognised gains and losses</b>							
Past service gain on defined benefit pension schemes		-	-	171,000	-	171,000	-
Actuarial losses on defined benefit pension schemes		-	-	(114,000)	-	(114,000)	(373,000)
<b>Net movement in funds</b>		-	625,345	(257,576)	(53,042)	314,727	214,112
<b>Reconciliation of funds</b>							
Total funds brought forward at 31 August		2,000,000	460,251	203,828	136,760	2,800,839	2,586,727
<b>Total funds carried forward at 31 August</b>		2,000,000	1,085,596	(53,748)	83,718	3,115,566	2,800,839

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

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

**for the year ended 31 August 2010**

	Note	2010 £	2009 £
<b>Income</b>			
General Annual Grant (GAG)	2	7,013,968	6,947,514
DFE and other government grants	3	979,014	2,930,819
Private sector sponsorship and donations	4	700,000	-
Other income	5	283,821	320,285
<b>Total income</b>		<u>8,976,803</u>	<u>10,198,618</u>
<b>Expenditure</b>			
General Annual Grant (GAG) related expenditure	6 & 7	7,013,968	6,947,514
Other DFE and grant expenditure	6, 7 & 8	1,278,506	2,340,820
Depreciation	12	68,126	59,340
Other expenditure		358,476	263,832
<b>Total expenditure</b>		<u>8,719,076</u>	<u>9,611,506</u>
<b>Excess of income over expenditure</b>		<u>257,727</u>	<u>587,112</u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS &amp; LOSSES</b>			
Excess of income over expenditure		257,727	587,112
Past service gains on defined benefit scheme		171,000	-
Actuarial losses on defined benefit scheme		(114,000)	(373,000)
<b>Total recognised gains and losses for the year</b>		<u>314,727</u>	<u>214,112</u>
<b>Net transfer to funds</b>			
Permanent Endowment Fund	16	-	-
Unrestricted Fund	16	625,345	(2,547)
Restricted General Fund	15 & 16	(274,576)	525,303
Restricted Fixed Asset Fund	15 & 16	(53,042)	5,356
Restricted Pension Fund	16	17,000	(314,000)
		<u>314,727</u>	<u>214,112</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 2010**

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	12	83,718	136,760
<b>Current assets</b>			
Debtors	13	117,748	490,628
Cash at bank and in hand		3,861,071	3,019,852
		3,978,819	3,510,480
<b>Current liabilities</b>			
Creditors amounts falling due within one year	14	(649,971)	(532,401)
<b>Net current assets</b>		3,328,848	2,978,079
<b>Total assets less current liabilities</b>		3,412,566	3,114,839
<b>Pension scheme liability</b>	21	(297,000)	(314,000)
<b>Net assets including pension scheme liability</b>		3,115,566	2,800,839
<b>Funds of charity</b>			
<b>Restricted income funds</b>			
Permanent Endowment Fund	16 & 17	2,000,000	2,000,000
Restricted Pension Fund	16 & 17	(297,000)	(314,000)
Restricted Fixed Asset Fund	16 & 17	83,718	136,760
Restricted General Fund	16 & 17	243,252	517,828
<b>Unrestricted income funds</b>			
Unrestricted General Fund	16 & 17	1,085,596	460,251
<b>Total charity funds</b>		3,115,566	2,800,839

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 2010 and signed on its behalf and authorised for issue by

  
Chair – I H Munro

**NEW CHARTER ACADEMY**  
**CASHFLOW STATEMENT**  
for the year ended 31 August 2010

	Note	2010 £	2009 £
<b>Operating activities</b>			
<b>Receipts</b>			
Implementation grant from DfE		-	842,744
IT & Education Improvement grant from DfE		383,260	-
General Annual Grant from DfE		6,936,502	7,035,111
Start up grant from DfE		238,159	1,726,921
Private sector sponsorship and donations		700,000	-
Other grants		536,613	810,637
Other receipts		236,031	239,474
		<u>9,030,565</u>	<u>10,654,887</u>
<b>Payments</b>			
Staff Costs		(6,750,240)	(6,740,522)
Other cash payments		(1,478,445)	(3,536,017)
		<u></u>	<u></u>
<b>Net cash inflow from operating activities</b>		801,880	378,348
<b>Returns on investments and servicing of finance</b>			
Interest received		39,339	71,655
		<u>841,219</u>	<u>450,003</u>
<b>Net cash inflow from operating activities</b>			
<b>Capital (expenditure)/income</b>			
Capital grants from DfE		15,084	64,696
Purchase of tangible fixed assets		(15,084)	(64,696)
		<u>-</u>	<u>-</u>
<b>Net cash inflow before use of liquid resources</b>	20	841,219	450,003
<b>Management of liquid resources</b>			
Increase in short-term deposits with bank		(500,000)	-
		<u>341,219</u>	<u>450,003</u>
<b>Increase in cash</b>			
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period		341,219	450,003
Movement in liquid resources		500,000	-
		<u>841,219</u>	<u>450,003</u>
Change in net funds		3,019,852	2,569,849
Net funds brought forward		<u>3,861,071</u>	<u>3,019,852</u>
Net funds carried forward			



**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2010**

**1 PRINCIPAL ACCOUNTING POLICIES**

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

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities ('Charities SORP 2005'), the Academies Financial Handbook and the Companies Act 2006.

**Going Concern**

The Governors have assessed the current and forecast financial position of the Academy and consider it appropriate that the financial statements are prepared on a going concern basis.

**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 DfE and other donors which are to be used for specific purposes. The Endowment fund is to be permanently invested to generate an income stream to be applied by the Academy to assist in supporting the Academy's educational and charitable purposes. It is incorporated into these financial statements by aggregation.

**Grants**

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 in 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.

**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 expenses related to the Endowment fund are recognised in the year in which they are incurred.

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

Resources expended are recognised on an accruals basis 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 -

Furniture, fittings and equipment	20% p a
ICT equipment	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 on its primary purpose activities under the provision of the Income and Corporation Taxes Act 1988.

**Liquid Resources**

Liquid resources are amounts placed on short-term deposit with recognised banks.

**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**  
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**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 Education. 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.

**2 GENERAL ANNUAL GRANT (GAG)**

	2010 £	2009 £
GAG brought forward from previous year	-	-
GAG allocation for current year	7,013,968	6,947,514
<b>Total GAG available to spend</b>	<b>7,013,968</b>	<b>6,947,514</b>
Recurrent expenditure from GAG	(7,013,968)	(6,947,514)
<b>GAG carried forward to next year</b>	<b>-</b>	<b>-</b>

**3 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	2010 £	2009 £
DfE – General Annual Grant (note 2)	7,013,968	6,947,514
Start up Grant	238,159	1,726,921
Standards Fund Grant	519,668	555,543
ICT Grant	-	283,347
Devolved Formula Capital Grant	189,158	179,813
Educational Improvement Grant	-	99,913
Special Educational Needs	-	65,766
Other grant income	32,029	19,516
	<b>7,992,982</b>	<b>9,878,333</b>

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4 VOLUNTARY INCOME**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Income from related parties -		
New Charter Building Company	400,000	-
Great Neighbourhoods	300,000	
	<u>700,000</u>	<u>-</u>

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Bank interest	40,790	80,811
FRS 17 net finance credit	7,000	10,000
Catering	117,210	126,201
Hire of facilities	26,005	23,515
Other income	92,816	79,758
	<u>283,821</u>	<u>320,285</u>

**6 RESOURCES EXPENDED**

	<b>Staff Costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Direct costs	5,825,469	54,911	768,567	6,648,947	7,389,481
Support costs	970,810	13,215	1,067,948	2,051,973	2,196,722
	<u>6,796,279</u>	<u>68,126</u>	<u>1,836,515</u>	<u>8,700,920</u>	<u>9,586,203</u>
Governance costs	-	-	18,156	18,156	25,303
	<u>6,796,279</u>	<u>68,126</u>	<u>1,854,670</u>	<u>8,719,076</u>	<u>9,611,506</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**  
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**7 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>DIRECT COSTS</b>		
Teaching and educational support staff costs	5,825,469	5,951,859
Depreciation	54,911	46,318
Books apparatus, fees and stationery	295,945	882,376
Examination fees	114,366	114,688
Travel and trips	91,238	130,999
Staff development	45,509	66,532
Educational consultancy	67,119	96,071
Supply staff	76,308	89,615
Technology	78,082	-
Other direct costs	-	11,023
	<u>6,648,947</u>	<u>7,389,481</u>
<b>SUPPORT COSTS</b>		
Support staff costs	970,810	807,699
Depreciation	13,215	13,022
Maintenance of premises and equipment	189,785	370,389
Cleaning	86,135	82,238
Rent and rates	19,746	28,498
Utility costs	217,005	219,089
Insurance	69,470	67,132
Transport	17,035	13,675
Catering	146,109	142,154
Professional fees	118,463	113,228
Technology costs	77,455	111,761
Uniform costs	3,930	106,488
Recruitment	2,502	78,391
Marketing	31,129	-
Supply staff	1,504	-
Other costs	87,680	42,958
	<u>2,051,973</u>	<u>2,196,722</u>

**8 GOVERNANCE COSTS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Auditor fees	15,158	25,303
Other professional fees	2,998	-
	<u>18,156</u>	<u>25,303</u>

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9 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

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable Activities</b>		
Teachers	104	108
Administration and support	84	92
Management	4	3
	<u>192</u>	<u>203</u>

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Staff costs comprise		
Wages and salaries	5,629,777	5,650,881
Social security costs	412,647	411,411
Other pension costs	753,854	697,265
	<u>6,796,279</u>	<u>6,759,557</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 2010. The total emoluments of these employees were in the following ranges

	<b>2010</b>	<b>2009</b>
£80,001 - £90,000	1	1
over £100,000	1	1

Both of the employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2010, pension contributions for these staff amounted to £26,601 (2009 £26,000)

**10 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 other than the reimbursement of travel expenses incurred in the course of their duties

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**  
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**11 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.

**12 TANGIBLE FIXED ASSETS**

	Furniture and Equipment	ICT equipment £	Total £
<b>Cost</b>			
As at 31 August 2009	-	196,100	196,100
Additions	5,524	9,560	15,084
At 31 August 2010	<u>5,524</u>	<u>205,660</u>	<u>211,184</u>
<b>Depreciation</b>			
As at 31 August 2009	-	59,340	59,340
Charge in year	646	67,480	68,126
At 31 August 2010	<u>646</u>	<u>126,820</u>	<u>127,466</u>
<b>Net book value</b>			
At 31 August 2010	<u>4,878</u>	<u>78,840</u>	<u>83,718</u>
At 31 August 2009	<u>-</u>	<u>136,760</u>	<u>136,760</u>
		<b>2010</b>	<b>2009</b>
		£	£
<b>Source of funding for assets acquired</b>			
Devolved Formula Capital Grant		15,084	64,696

**13 DEBTORS**

	2010	2009
	£	£
Amounts owed from DfE ICT & Educational Improvement grant debtor	-	383,260
Prepayments & accrued income	70,032	107,268
Other debtors	47,716	100
	<u>117,748</u>	<u>490,628</u>

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

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts due to DfE	-	77,466
Trade creditors	159,878	142,813
Other creditors	71,808	-
Accruals	113,332	128,399
Deferred Income	300,899	183,723
Other taxation and social security	4,054	-
	<u>649,971</u>	<u>532,401</u>

**15 RESTRICTED FUNDS**

	<b>Balance at 31 August 2009</b>	<b>Incoming resources</b>	<b>Resources Expended</b>	<b>Gains, losses and transfers</b>	<b>Balance at 31 August 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	7,013,968	(7,013,968)	-	-
Start up grant	517,828	238,158	(686,808)	-	69,178
Devolved Formula Capital Grant	-	189,158	-	(15,084)	174,074
Other grants (see note 3)	-	551,698	(551,698)	-	-
<b>Restricted fixed asset funds</b>					
Restricted fixed asset fund	136,760	-	(68,126)	15,084	83,718
	<u>654,588</u>	<u>7,992,982</u>	<u>(8,320,600)</u>	<u>-</u>	<u>326,970</u>

- i) Note 3 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 £15,084 represents the total expenditure capitalised during the year.



**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**16 NET MOVEMENT IN FUNDS**

	Balance 1 September 2009 £	Incoming resources £	Resources expended £	Transfer between funds £	Actuarial movement £	Balance 31 August 2010 £
Unrestricted	460,251	983,821	(358,476)	-	-	1,085,596
Endowed	2,000,000	-	-	-	-	2,000,000
Restricted	340,588	7,992,982	(8,360,600)	-	57,000	29,970
Total funds	<u>2,800,839</u>	<u>8,976,803</u>	<u>(8,719,076)</u>	<u>-</u>	<u>57,000</u>	<u>3,115,566</u>

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted Asset Fund £	Fixed Fund £	Unrestricted Funds £	Restricted General Fund £	Restricted Endowment £	Total £
<b>Balance</b>						
<b>31 August 2010</b>						
Tangible Fixed Assets	83,718	-	-	-	-	83,718
Current Assets	-	1,085,596	893,223	2,000,000	3,978,819	
Creditors falling due within 1 year	-	-	(649,971)	-	(649,971)	
Pension scheme liability	-	-	(297,000)	-	(297,000)	
Funds	<u>83,718</u>	<u>1,085,596</u>	<u>(53,748)</u>	<u>2,000,000</u>	<u>3,115,566</u>	

**18 OPERATING LEASE COMMITMENTS**

At 31 August 2010 the Academy had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Operating leases which expire		
Within one year	28,334	21,840
Within two to five years	5,217	11,363

**NEW CHARTER ACADEMY**  
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**19 RELATED PARTY TRANSACTIONS**

The Academy has a close working relationship with its sponsor, New Charter Housing Trust (NCHT), which is related by virtue of common directors. 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. New Charter Building Company Ltd is a wholly owned subsidiary of NCHT. The Academy is also related to Great Neighbourhoods by virtue of common directors.

The following is a summary of transactions with NCHT and other related parties

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Donation from New Charter Building Company included as income	400,000	-
Donation from Great Neighbourhoods included as income	300,000	
Support services invoiced by NCHT included in expenses	(144,297)	(182,988)

There was a trade creditor balance of £33,355 with New Charter Housing Trust as at 31st August 2010 (2009 £25,329)

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

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Net incoming / (outgoing) resources	257,727	587,112
Depreciation	68,126	59,340
Interest receivable	(40,790)	(80,811)
Decrease in debtors	374,331	467,788
Increase/(decrease) in creditors	117,570	(521,385)
Capital expenditure	(15,084)	(64,696)
Difference between FRS17 pension charge and cash contribution	40,000	(69,000)
Net cash inflow from operating activities	<u>801,880</u>	<u>378,348</u>

**21 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 2010 was £753,854 of which £518,806 relates to the Teachers Pension Scheme.

**NEW CHARTER ACADEMY**  
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**TEACHERS 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 Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

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

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. 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**  
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The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate. As the 2004 valuation revealed a deficiency a supplementary contribution is payable from 1 January 2007.

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

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

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2010 was £518,806 (2009 £519,410), 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 2010 was £268,244 (2009 £259,079) of which employer's contributions totalled £188,048 (2009 £177,856) and employees' contributions totalled £82,304 (2009 £81,223). The agreed contribution rates for the year ended 31 August 2010 were 13.5% for employers and 6% for employees.

In his budget statement on 22 June 2010, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. This change has been allowed for in the calculation of the FRS 17 liability at the year end and has resulted in a gain of £171,000. This £171,000 credit is considered to arise from a change in assumptions and has been shown as a recognised gain in the Statement of Financial Activities. This is in accordance with the guidance provided by the Urgent Issues Task Force (UITF) Abstract 90 'Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits'.

**NEW CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The following information is based upon a full actuarial valuation of the fund at 31 March 2007, updated to 31 August 2010 by a qualified independent actuary

The major assumptions used by the actuary were

	31 Aug 2010	31 Aug 2009
	% p.a.	% p.a.
Rate of increase in pensions	2.7	3.4
Rate of increase in salaries	4.7	4.9
Expected return on assets	6.1	6.5
Discount rate for liabilities	4.8	5.4

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

	Long-term rate of return expected at 31 Aug 2010 %	Value at 31 Aug 2010 £'000	Long-term rate of return expected at 31 Aug 2009 %	Value at 31 Aug 2009 £'000
Equities	6.9	1,781	7.2	1,547
Bonds	4.3	452	4.7	327
Property	4.9	160	5.2	131
Cash	4.0	266	4.3	174
<b>Total fair value of assets</b>		<b>2,659</b>		<b>2,179</b>
<b>Present value of scheme liabilities</b>		<b>(2,956)</b>		<b>(2,493)</b>
<b>Net pension liability</b>		<b>(297)</b>		<b>(314)</b>

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

	2010 £'000	2009 £'000
<i>Amounts charged to operating costs</i>		
Current service cost	210	224
Gain arising on bulk transfer	-	(112)
Losses on curtailments and settlements	22	-
<i>Amounts included in other finance cost</i>		
Expected return on scheme assets	(150)	(141)
Interest on scheme liabilities	143	131
<b>Total amount charged to income and expenditure</b>	<b>225</b>	<b>102</b>

Employer contributions for the financial year ended 31 August 2011 are estimated at approximately £163,000

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial losses on scheme liabilities	(177)	(180)
Actuarial losses on scheme assets	63	(193)
Actuarial losses	<u>(114)</u>	<u>(373)</u>
Past service gain	171	-
Total amount recognised in the statement of total recognised gains and losses	<u>57</u>	<u>(373)</u>

**Movement in deficit during the year**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in the scheme at 31 August 2009	(314)	-
Movement in the year		
Current service cost	(210)	(224)
Employer contributions	185	161
Expected returns on scheme assets	150	141
Interest cost	(143)	(131)
Gain arising on bulk transfer	-	112
Losses on curtailment	(22)	-
Past service gain	171	-
Actuarial loss	(114)	(373)
Deficit in the scheme at 31 August 2010	<u>(297)</u>	<u>(314)</u>

**History of experience gains and losses**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Experience gains/(losses) on scheme assets	<u>63</u>	<u>(193)</u>
Experience gains on scheme liabilities	<u>-</u>	<u>2</u>

Five year analysis is not available as the Academy was opened on 1 September 2008

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**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

	2010	2009
<i>Males</i>		
Current pensioners	20 8	19 6
Future pensioners	22 8	20 7
	<u>          </u>	<u>          </u>
<i>Females</i>		
Current pensioners	24 1	22 5
Future pensioners	26 2	23 6
	<u>          </u>	<u>          </u>

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

	2010 £'000	2009 £'000
Opening defined benefit obligation	2,493	11
Service cost (net of employee contributions)	292	299
Interest cost	143	131
Actuarial losses/(gains)	177	180
Past service gains	(171)	-
Losses on curtailment	22	-
Liabilities assumed in a Business Combination	-	1,872
	<u>          </u>	<u>          </u>
Closing defined benefit obligation	2,956	2,493
	<u>          </u>	<u>          </u>

**Changes in the fair value of scheme assets are as follows:**

	2010 £'000	2009 £'000
Opening scheme assets	2,179	11
Expected return	150	141
Actuarial (losses)/ gains	63	(193)
Assets acquired in a Business Combination	-	1,984
Contributions by employer	185	161
Contributions by employees	82	75
	<u>          </u>	<u>          </u>
Closing scheme assets	2,659	2,179
	<u>          </u>	<u>          </u>

The actual return on scheme assets was £214 (2009 £52k loss)

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 2009)

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**22 SCHOOL SPORTS PARTNERSHIP (SSP)**

SSPs are groups of schools working together to develop PE and sport opportunities for young people. During the year the Academy became host to an SSP comprising a partnership development manager, seven local secondary and 34 primary schools. Additionally the Academy hosted other smaller community sporting posts and projects. These sporting projects received grants of £239,257 in the year. Their grants and related disbursements are excluded from the Academy's income and expenditure account on the basis the Academy acts only as host to these projects.

Subsequent to the year end it was proposed that central funding for SSPs in their current form would cease from Summer 2011, although this is currently subject to further parliamentary debate.