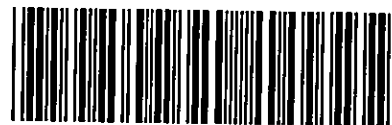


**UNIVERSITY OF CHESTER
CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2010**

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**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

FINANCIAL STATEMENTS

Year ended 31 August 2010

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UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT

Year ended 31 August 2010

COMPANY INFORMATION

Board of Trustees (Academy Board)

Rt Rev Dr Peter Forster	Position Chair
Dr C Hankinson	Member
Dr J W Stephens	Member
A Sutton	Member
J Turnbull	Member
Prof T J Wheeler	Member

Board of Governors

The Board of Governors comprises the above named Trustees together with the following individuals:-

Cllr M Hogg	Local Authority Governor
Dr J Done	Sponsor Governor
Dr L Cooke	Sponsor Governor
Revd Prof R Ackroyd	Diocesan Governor
V Bulgin	Diocesan Governor
D McMurray	Parent Governor
L Powell	Parent Governor
V Waites	Staff Governor

The Academy is a company limited by guarantee (Company registration number 6929486) and is a registered charity (no 1133094). All of the trustees are also directors of the limited company. The Academy was established on 10 June 2009 to replace Cheshire Oaks High School and Ellesmere Port Specialist School of Performing Arts, both of which ceased to exist in July 2009.

The company's Memorandum and Articles of Association are the primary governing documents of the Academy. Members of the Academy are nominated by either the Secretary of State for the Department of Education or the sponsors of the Academy, the University of Chester, Diocese of Chester & Cheshire West and Chester Council.

The 'funding agreement' was executed and delivered as a deed in June 2009 and signed by the Academy and the Secretary of State for Education. The funding agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn and that the curriculum should comply with the substance of the national curriculum with emphasis on mathematics and sport and performance and its principal applications.

Company Secretary

John D Stevens

Senior Officers

Principal	Kevin McDermott
Vice Principal	Cath Green
Vice Principal	Kate Dolmor
Vice Principal	Iain Robinson
Director of Operations	Jan McKay

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

Registered Office: Woodchurch Lane, Ellesmere Port, Cheshire, CH66 3NG

Auditors: Baker Tilly UK Audit LLP, Steam Mill, Chester, Cheshire, CH3 5AN

Bankers: Co-Operative Bank plc, 1 Balloon Street, Manchester, M60 4EP

The trustees of the University of Chester Church of England Academy, Ellesmere Port ("the Academy"), who are also directors of the Academy for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2010. The report has been prepared in accordance with the Charities Act 2006.

The financial statements have been prepared in accordance with the accounting policies on pages 17 to 19 of the attached financial statements and comply with the charitable company's memorandum and articles of association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Academy is a company limited by guarantee with no share capital (No 6929486) and a registered charity (No 1133094). The charitable company's memorandum and articles of association are the primary governing documents of the Academy and were set up on 26th June 2009. The articles of association require the members of the charitable company to appoint at least four Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees

Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. At each annual general meeting of the charitable company one third of the Trustees retire by rotation. The Trustees to retire are those who have been longest in office since their last election or appointment.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

The Trustees who were in office at 31st August 2010, and who served throughout the year, are listed on page 2

During the year under review the Board of Governors held four meetings. In addition, there was a facilitated training event for 'Governors' Responsibilities' which included changes in the new Charities SORP. The training and induction provided for any new governors will depend on their existing experience. Each newly elected governor will receive an induction tailored specifically to the individual and delivered in an informal manner. Where necessary, induction will provide training on charity and educational, legal and financial matters. All new governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with policies, procedures, minutes, accounts, budgets, plans and other documents needed in order for them to undertake their roles as Governors.

Statement of trustees' accounting and reporting responsibilities

The trustees (who are also directors of University of Chester Church of England Academy, Ellesmere Port for the purposes of company law) are responsible 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements until 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 the financial year. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities 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 operation.

The trustees are responsible for keeping proper 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 which enables them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 financial statements may differ from legislation in other jurisdictions.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

Organisational structure

The Governing Body and Senior Leadership Team were appointed prior to opening. All other staff were transferred under TUPE regulations from predecessor schools. During the year all teams were restructured into Academy roles to complete a unified structure to drive the Academy forward. The structure now consists of three levels: the Governors, the Senior Managers and the extended Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Managers are the Principal, three Vice Principals and the Director of Operations. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Governor. Some spending control is devolved to members of the extended Management Team, with limits above which a Senior Manager must countersign.

The Extended Management Team includes the Senior Management, four Assistant Vice Principals and seven Faculty and Achievement Directors. These directors are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Risk Management

The Governing Body has in place a process for the assessment of risk. A risk register has been completed and the risks are reviewed annually and approved by the Governing Body. Systems and processes are in place to mitigate any significant risks identified.

Statement on the system of internal financial control

As trustees we acknowledge we have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us 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

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees,
- regular reviews by the Finance & General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing guidelines,
- delegation of authority and segregation of duty,
- identification and management of risks

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
 - o the type of risks the Academy faces,
 - o the level of risks which they regard as acceptable,
 - o the likelihood of the risks materialising,
 - o the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
 - o the costs of operating particular controls relative to the benefit obtained
- Clarified the responsibility of the Management Team to implement the trustees' policies and to identify and evaluate risks for the trustees' consideration,
- Explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- Embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- Developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- Included procedures for reporting failings immediately to appropriate levels of management and the trustees together with details of corrective action being undertaken

The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the governors have appointed Mr R Waddington, Deputy Director of Finance for The University of Chester, 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. On a termly basis, the RO reports to the governing body/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.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is the operation of the University Church of England Academy, Ellesmere Port and to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on mathematics and sport with performance

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on mathematics and sport with performance.

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

The main objectives of the Academy during the year ended 31 August 2010 are summarised below:

- Develop positive relationships based on mutual respect and tolerance, ensuring social inclusion, through a Christian ethos,
- Ensure the academy is an outstanding place for Learning,
- Provide a fun and stimulating learning environment, enabling individual potential to be realised,
- Celebrate and value success,
- Provide opportunities for lifelong learning that challenges, motivates and inspires,
- Ensure we are at the heart of the community, maximising community links,
- Provide diverse learning pathways,
- Continue our commitment to high achievement for all

Strategies and activities

The Academy's main strategy is encompassed by the following beliefs:

To provide:

- learning opportunities for all students so that they progress to attain outstanding qualifications,
- appropriate and professional learning development for all staff,
- a programme of enrichment activities that develops students' passions and interests,
- that all students will follow an innovative curriculum, at key stage three it focuses on basic skills and deep learning skills, whilst at key stages four and five students are able to follow individual pathways to meet their needs and aspirations,
- an atmosphere where we develop positive relationships based on mutual respect and tolerance, ensuring social inclusion,
- opportunities to maximise links in our community

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

Disabled persons

Ramps and disabled toilets are installed on both campuses and door widths are adequate to enable wheelchair access to ground floor areas of the current buildings in use by the Academy. The new building planned for 2012 will be fully compliant with legislation in relation to disabled access for staff, students and visitors. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment where possible, by making support resources available and through training and career development.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The Academy in its first year of operation has achieved the forecast numbers of students. Total students in the year ended 31st August 2010 numbered 1132.

Examination results for 2010 were very good, with some areas being outstanding. At Advanced level 98% of students who were offered a place at university attained their target grades and took up the place. At GCSE 62% achieved 5A*-C, which was above the target set by the Department for Education, 38.3% of students achieved 5A*-C including English and mathematics, a significant improvement on previous results of predecessor schools and well above targets set by the Department for Education.

To ensure that standards are continually raised the Academy operates a programme of observation of lessons, is visited by inspectors, undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The Academy also participates in national programmes looking at added value through the key stages.

During the first year the Academy has undertaken significant change and brought together two distinct communities in Ellesmere Port. During this time achievement and progress have improved, as has the Academy's standing in the local community.

Financial review

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.

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.

As disclosed in notes 14 & 24, it should be noted that the IT equipment and other fixed assets held by the two predecessor schools have been taken over and depreciation of one third of the value ascribed to these assets has been provided in the financial statements, the accounting policy being to write down their value to nil at 31st August 2012, the date on which the Academy will start operating from its new premises.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

At 31 August 2010 the net book value of fixed assets was £662,000 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

During the year, the academy received a £100,000 Permanent Endowment from Cheshire West and Chester Council (the capital to remain untouched), with the interest arising available to be used for the benefit of the students.

Expenditure in the year ended 31st August 2010 exceeded income by £116,710, after taking into account exceptional income of £1,057,000 (£100,000 permanent endowment & £957,000 value of assets donated from predecessor schools) and exceptional cost provisions of £1,219,151 (restructuring, severance & enhanced pensions costs of £283,151 plus actuarially estimated deficit of £936,000 on the support staff defined benefit pension scheme). In addition, actuarial losses on the defined benefit pension scheme of £157,000 have arisen leading to an overall deficit position for the year of £273,710.

The fund balances at 31st August 2010 comprised

Revenue Funds	£
Restricted general annual grants	99,856
Unrestricted funds	<u>95,891</u>
	195,747
Restricted Capital grants – as yet unspent	51,857
Permanent Endowment funds	<u>100,000</u>
	347,604
Restricted fixed asset funds – net book value of assets	662,266
Pension Liabilities	
Support staff defined benefit pension scheme – actuarially calculated deficit	(1,093,000)
Provision for future enhanced pension payments to former academic staff	(190,580)
	<hr/> <u>(273,710)</u>

It should be noted that, as required by Financial Reporting Standard (FRS)17, provision has been made in the financial statements for the deficit identified in the recent actuarial valuation of the Local Government Defined Benefit Pension Scheme, to which a number of support staff are members. Details of the provision are given in Note 23 to the financial statements.

In addition, as required by Financial Reporting Standard (FRS)12, provision has also been made in the financial statements for the future actuarially calculated enhanced pension costs that the academy is committed to in respect of a number of former academic staff. As detailed in Note 23 to the financial statements, the enhanced pensions are payable to the individuals concerned for the remainder of their lives, with the academy having a liability for the year ended 31st August 2011 of £9,138 in this regard.

The Trustees have reviewed the fund balances carried forward at 31st August 2010, together with the projected results for 2010/11 and the following three years, and confirm that it is appropriate for the financial statements to be drawn up on the going concern basis.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

TRUSTEES' REPORT (continued)

Year ended 31 August 2010

Reserves policy

The Academy had £ 95,891 of Unrestricted reserves at 31st August 2010. The Trustees have decided that all Unrestricted reserves will be utilised in helping the Academy achieve its objectives. The Trustees have not yet determined an appropriate level of reserves.

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve achievement and progress of its students at all levels. It will also ensure that the impact across the community is positive and that the Academy becomes the school of choice for students in Ellesmere Port.

The Academy will be opening a new building in the centre of Ellesmere Port in September 2012, during the coming year the Academy will work closely with all partners to ensure that the new building is innovative and appropriate to the needs of students and the community.

As a faith Academy it will continue to develop a values driven ethos and culture based on Christian beliefs.

AUDITORS

Baker Tilly UK Audit LLP were appointed as auditors to the Academy in 2009. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The report of the Trustees was approved by the Trustees on 8th December 2010 and signed on their behalf by



Rt Rev Dr Peter Forster
Chairman

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

We have audited the financial statements of The University of Chester Church of England Academy, Ellesmere Port for the year ended 31 August 2010 on pages 13 to 36

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

Respective responsibilities of governors and auditors

The responsibilities of the governors (who act as trustees for charitable activities of University of Chester Church of England Academy, Ellesmere Port 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 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 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 the 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' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

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.

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 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' Annual Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

ROGER DAVIES BA FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Steam Mill
Chester
CH3 5AN

Date *20th December 2010*

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2010

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total 2010 £000
Incoming resources						
Incoming resources from generated funds						
- Voluntary income	3	-	-	957	100	1,057
- Activities for generating funds	4	104	167	-	-	271
Investment income	5	3	-	-	-	3
Incoming resources from charitable activities						
- Funding for the Academy's educational operations	6	-	9,868	52	-	9,920
Total incoming resources		<u>107</u>	<u>10,035</u>	<u>1,009</u>	<u>100</u>	<u>11,251</u>
Resources expended						
Costs of generating funds	8	11	-	-	-	11
Charitable activities						
- Academy's educational operations	8	-	9,771	331	-	10,102
Governance costs	9	-	35	-	-	35
Exceptional Pension & other costs	10	1,126	93	-	-	1,219
Total resources expended	7	<u>1,137</u>	<u>9,899</u>	<u>331</u>	<u>-</u>	<u>11,367</u>
Net incoming resources before transfers		(1,030)	136	678	100	(116)
Gross transfers between funds	17	-	(36)	36	-	-
Net incoming resources before other recognised gains/(losses)		<u>(1,030)</u>	<u>100</u>	<u>714</u>	<u>100</u>	<u>(116)</u>
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	23	(157)	-	-	-	(157)
Net movement in funds		<u>(1,187)</u>	<u>100</u>	<u>714</u>	<u>100</u>	<u>(273)</u>
Fund balances carried forward at 31 August 2010		<u>(1,187)</u>	<u>100</u>	<u>714</u>	<u>100</u>	<u>(273)</u>

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 August 2010

	Note	2010 £000
Income		
General Annual Grant (GAG)	2	7,221
DfE Capital Grants	6	52
Other DfE grants, including Start Up Grants	6	1,433
Other government grants	6	1,176
Private sponsorship and donations	3	957
Investment income	5	3
Other income	4 & 6	309
Permanent Endowment	3	100
Total income		<u>11,251</u>
Expenditure		
General Annual Grant (GAG) related expenditure		7,085
Other DfE expenditure		1,433
Other grant expenditure		1,176
Other expenditure		216
Depreciation		331
Exceptional Pension & other costs	10	<u>1,126</u>
Total expenditure	7	<u>11,367</u>
Excess of expenditure over income		<u>(116)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 August 2010

	Note	2010 £000
Excess of expenditure over income		(116)
Actuarial losses on defined benefit pension schemes	23	<u>(157)</u>
Total recognised gains and losses for the year		<u>(273)</u>
Net movement to/(from) funds		
Restricted funds		814
Unrestricted funds		(1,187)
Endowment Funds		<u>100</u>
		<u>(273)</u>

The Income and Expenditure account and Statement of Total Recognised Gains and Losses are derived from the Statement of Financial activities on page 13 which, together with the notes to the accounts on pages 17 to 36 provides full information on the movements during the year on all the funds of the Academy

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

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

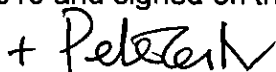
BALANCE SHEET

at 31 August 2010

Company Registration Number 6929486

	Note	2010 £000
Fixed assets		
Tangible assets	14	662
Current assets		
Debtors	15	448
Cash at bank and in hand		1,705
		<u>2,153</u>
Current liabilities		
Creditors amounts falling due within one year	16	<u>(1,805)</u>
Net current assets		348
Total assets less current liabilities, excluding pension liability		<u>1,010</u>
Provision for future enhanced pensions (former academic staff)	23	(190)
Pension scheme liabilities		
Defined Benefit Scheme (non academic staff)	23	(1,093)
Net, including pension liabilities		<u><u>(273)</u></u>
Funds		
Endowment funds	18	<u>100</u>
Restricted funds		
Restricted Fixed Asset fund	17	714
Restricted General fund	17	100
		<u>814</u>
Unrestricted funds		
General fund		96
Pension reserve - Defined Benefit Scheme	23	(1,093)
Provision for future enhanced pensions	23	(190)
Total unrestricted funds		<u><u>(1,187)</u></u>
		<u><u>(273)</u></u>

The financial statements on pages 13 to 36 were approved and authorised for issue by the Trustees on 8th December 2010 and signed on their behalf by Rt Rev Dr Peter Forster

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**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

CASHFLOW STATEMENT

for the year ended 31 August 2010

	2010 £000
Operating activities	
RECEIPTS	
Recurrent grants received from the DfE	
General Annual Grant (GAG)	7,221
Other DfE grants	1,339
Other Government receipts	1,138
Private sponsorship	-
Other receipts	228
	<u>9,926</u>
PAYMENTS	
Staff costs	(5,824)
Other cash payments	(2,516)
	<u>(8,340)</u>
Net cash inflow from operating activities	<u>1,586</u>
Returns on investments and servicing of finance	
Interest received	<u>3</u>
Capital (expenditure)/income	
Capital grants from DfE	52
Capital funding received from sponsors	-
Purchase of tangible fixed assets	(36)
Receipts from sale of tangible fixed assets	-
	<u>16</u>
Management of liquid resources and financing – Permanent Endowment funds received	<u>100</u>
Increase in bank & cash	<u><u>1,705</u></u>

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

1 ACCOUNTING POLICIES

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

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, the Companies Act 2006 and applicable accounting standards. The accounts include the Permanent Endowment funds received from Cheshire West and Chester Council which are incorporated in a separate registered charity set up for this purpose, Registered Charity Number 1133090.

At the balance sheet date the academy had net liabilities of £273,710. This included pension liabilities of £1,093,000 which are long term commitments. The academy had net current assets of 347,604 at that date.

The trustees have reviewed the fund balances at 31st August 2010 and have approved budget and cashflow forecasts for 2010/11 & the following three years, and consider it appropriate for the financial statements to be drawn up on the going concern basis.

Fund accounting

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

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes as explained in note 17.

The capital of the Permanent Endowment funds received from a sponsor must remain untouched, with the interest arising being used for the benefit of the students of the Academy.

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant fund on the balance sheet.

Sponsorship income

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

Donations

Donations are included in the Statement of Financial Activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable by the balance sheet date.

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

1 ACCOUNTING POLICIES (Continued)

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 period in which they are receivable and where the benefit is both quantifiable and material

Interest receivable

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

Resources expended

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

Allocation of costs

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

Governance costs

Governance costs include the costs attributable to the Academy's compliance with statutory requirements, including audit, strategic management and trustees' meetings. Such costs include both direct and allocated support costs

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. All assets costing more than £500 and with an expected useful life exceeding one year are capitalised

Donated assets are recognised in the financial statements at valuation

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 buildings and improvements	2%
Furniture, fittings and equipment	10%
Computer equipment	25%
Motor vehicles	25%

Note that the values of the assets donated from predecessor schools are being written off over a 3 year period, so as to have a nil book value at 31st August 2012, the date on which the Academy will start operating from its new premises

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2010

1 ACCOUNTING POLICIES (Continued)

Where fixed assets have been acquired with the aid of specific grants or donations, they are included in the balance sheet at cost or valuation 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Taxation

The Academy 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. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

Leased assets

Rentals applicable to operating leases where substantially all of 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.

Pensions

Academy staff are members of two pension schemes, both of which are defined benefit schemes. More details of the schemes are given in note 23.

Teachers' Pension Scheme

Full 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 of 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 as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Enhanced Pensions

The cost of any ongoing enhanced pensions to former academic members of staff are paid by the Academy annually and, as detailed in note 23, a provision is made at each balance sheet date of the actuarially estimated future cost of such pension enhancements. The movement in the provision arising out of the annual reassessment is reflected in the statement of financial activities.

Support staff pension schemes

Support staff are offered membership of the Local Government Pension Scheme (LGPS).

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

for the year ended 31 August 2010

1 ACCOUNTING POLICIES (Continued)

Local Government Pension Scheme

The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities. The requirements of FRS 17 have 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.

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

2 GENERAL ANNUAL GRANT (GAG)

	2010 £000
GAG allocation for current year, available to spend	7,221
Recurrent expenditure from GAG	(7,085)
Fixed assets purchased from GAG	(36)
	<hr/>
GAG carried forward to next year	100
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<hr/> (866)
GAG to surrender to DfE	<hr/> (766)
(12% rule breached if result is positive)	(No breach)

3 VOLUNTARY INCOME

	2010 £000
Permanent Endowment from Cheshire West & Chester Council	100
Donation of IT equipment from predecessor schools	342
Donation of furniture and other equipment from predecessor schools	615
	<hr/>
	1,057

4 ACTIVITIES FOR GENERATING FUNDS

	2010 £000
Graduate training income, etc	104
Sports Centre income, rents & other income	167
	<hr/>
	271

5 INVESTMENT INCOME

	2010 £000
Bank interest	3
	<hr/>

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

6 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	2010 £000
Department of Education grants	
General Annual Grant (GAG) - note 2	7,221
Start Up Grants	836
Capital Grants	52
Standards Fund Grants	198
National Challenge Grant	206
Education Improvement Grant	100
Staff restructuring grant	93
	<u>8,706</u>
Other Government Grants	
Standards Fund Grants from Local Authority	780
Other Local Authority Grants (see note below)	396
	<u>1,176</u>
Other income	<u>38</u>
Total	<u>9,920</u>

Note Other Local Authority Grant income includes £291,542 received from the School Sports Partnership, as host school, and in respect of which payroll costs of £105,352 and other related costs of £186,190 have been incurred in the year. As disclosed in note 16, a further £166,619 of School Sports Partnership funding had been received but was unspent at the year end, being carried forward to be utilised next year.

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

for the year ended 31 August 2010

7 RESOURCES EXPENDED

	Staff costs	Depreciation	Other costs	Total
	£000	£000	£000	2010 £000
Costs of generating funds	-	-	11	11
Academy's educational operations				
Direct costs	5,516	265	1,202	6,983
Allocated support costs	1,462	66	1,591	3,119
	<u>6,978</u>	<u>331</u>	<u>2,793</u>	<u>10,102</u>
Governance costs including allocated support costs	12	-	23	35
Exceptional Pension & severance costs (note 10)	-	-	1,219	1,219
	<u>6,990</u>	<u>331</u>	<u>4,046</u>	<u>11,367</u>

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

8 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	2010 £000
DIRECT COSTS	
Teaching and educational support staff costs	5,516
Depreciation	265
Books, educational equipment, stationery and materials	520
Examination fees	141
Staff development	19
Educational consultancy	436
Other direct costs	86
	<hr/>
	6,983
ALLOCATED SUPPORT COSTS	
Support staff costs	1,462
Depreciation	66
Uniform costs	85
Printing, postage, stationery and telephone	69
Maintenance of premises, equipment & grounds	245
Cleaning	252
Water & business rates	109
Energy	254
Insurance	81
Transport	11
Catering	178
Technology costs	47
Bank interest and charges	2
Other support costs	269
	<hr/>
	3,130
	<hr/>
	10,113

9 GOVERNANCE COSTS

	2010 £000
Support Costs – staff costs	12
– other costs	8
Audit fees	15
Governor's reimbursed expenses	-
	35

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

10 EXCEPTIONAL PENSION & OTHER COSTS

	2010 £000
Local Government Pension Scheme (LGPS)	
Defined Benefit Scheme	
- deficit as at 1 st September 2009 (see note 23)	(1,100)
Following a further actuarial valuation of the LGPS fund as at 31 st August 2010, the following adjustments arise -	
Re current service	37
Re past service - change in assumptions from RPI to CPI	170
Interest on net pension liabilities	(43)
	<hr/>
Cumulative LGPS deficit arising	(936)
 Restructuring costs (see note 23)	
Severance payments	(43)
Enhanced pension liabilities - current year	(40)
- future annual payments	(200)
	<hr/>
	(283)
	<hr/>
	(1,219)
	<hr/> <hr/>

See note 23 for details of the exceptional pension costs arising

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2010

11 STAFF COSTS

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2010 expressed as full time equivalents was as follows

	2010 No
Charitable activities	
Teachers	107
Educational Support, Premises and Administration	80
	<hr/> 187
	<hr/> £000
Wages and salaries	5,784
Social security cost	424
Pension contributions	782
	<hr/> 6,990 <hr/>

The number of employees who earned over £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2010 was as follows

	2010 No
£60,001 - £70,000	<hr/> 1 <hr/>

The above employee earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2010, employer's pension contributions in respect of this staff member amounted to £8,686

The Principal was not formally appointed and employed by the Academy until 1st April 2010

12 REMUNERATION AND EXPENSES OF TRUSTEES AND GOVERNORS

The governors of the Academy did not receive any payment from the Academy and did not receive any reimbursement of travel and subsistence expenses incurred in the course of their duties

The Principal is an ex-officio governor and he is reimbursed in undertaking the role of Principal, for which he has an employment contract, and not for his role as a governor

13 TRUSTEES', GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees, local governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2m on any one claim and the cost for the year ended 31 August 2010 was £1,200

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

14 TANGIBLE FIXED ASSETS

	Leasehold buildings	Furniture and equipment	ICT equipment	Vehicles	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
Additions	-	615	378	-	993
Disposals	-	-	-	-	-
At 31 August 2010	-	615	378	-	993
Depreciation					
Charged in year	-	205	126	-	331
Disposals	-	-	-	-	-
At 31 August 2010	-	205	126	-	331
Net book value					
At 31 August 2010	-	410	252	-	662

**At 31 August 2010
£000**

Source of funding for assets acquired (cumulative to date)

Assets donated from predecessor schools	957
General purpose fund (grant income)	36
Cost of fixed assets at 31 August 2010	993
Less accumulated depreciation	(331)
Net book value of fixed assets at 31 August 2010	662

The above net book values at 31 August 2010 represent fixed assets used for -

Educational provision	328	202	530
Support services	<u>82</u>	<u>50</u>	<u>132</u>
	<u>410</u>	<u>252</u>	<u>662</u>

Donated Assets

The additions in the year shown above include furniture and equipment of £615,000 and ICT equipment of £342,000, both valued at estimated replacement cost, donated from the two predecessor schools. As disclosed in accounting policy note 1, the value of these donated assets is being written off over a three year period, so as to have a nil book value at 31st August 2012, the date on which the Academy will start operating from its' new premises. The academy operates on two sites both leased on a peppercorn rent from CWaC.

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

15 DEBTORS

**At
31 August
2010
£000**

DfE other grants receivable	93
Other grants due from Local Authority	230
Other debtors	89
Prepayments	36
	<hr/>
	448
	<hr/>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

**At
31 August
2010
£000**

Local Authority – re payroll costs	1,180
Enhanced pension liabilities - re 2009/10	40
- re 2010/11	9
Trade creditors	148
School Sports Partnership – receipts in advance (note 6)	167
Other income received in advance	25
Accruals & other creditors	236
	<hr/>
	1,805
	<hr/>

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

17 RESTRICTED FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes

	Incoming resources	Resources expended	Gains losses & transfers	Balance at 31 August 2010
	£000	£000	£000	£000
Restricted General Funds				
General Annual Grant (GAG)	7,221	(7,085)	(36)	100
Start Up Grants	836	(836)	-	-
Other DfE grants	597	(597)	-	-
Local authority grants	1,176	(1,176)	-	-
Other grants	38	(38)	-	-
Other income	167	(167)	-	-
	<u>10,035</u>	<u>(9,899)</u>	<u>(36)</u>	<u>100</u>
Restricted fixed asset funds				
DfE capital grants	52	-	-	52
Capital expenditure from GAG	-	(12)	36	24
Fixed Assets donated	957	(319)	-	638
	<u>1,009</u>	<u>(331)</u>	<u>36</u>	<u>714</u>

The General Annual Grant must be used for the normal running costs within the Academy. Each Academy is allowed to carry forward up to 12% of the current GAG. Of any carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy but any balance over 2% must be used for capital purposes.

Start Up grants are provided to support transitional costs for a period after an Academy opens and to cover diseconomies of scale until an Academy reaches its pupil number capacity. Start Up grants may be carried forward until an Academy reaches 90% of its pupil number capacity after which time any balance remaining would be added to the GAG for carry over purposes.

Local Authority grants relate to local authority funding for the provision of education by the Academies within the Authority.

The DfE capital grants are provided by the Government for specific capital projects.

The transfer from the restricted general fund to the restricted fixed asset fund of £36,399 represents the total capital expenditure funded from the General Annual Grant (GAG) during the year.

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

18 ENDOWMENT FUNDS

A Permanent Endowment of £100,000 has been received from Cheshire West & Chester Council - the capital to remain untouched - with the interest arising available to be used for the benefit of the students of the Academy. The funds are lodged in a bank account in the name of the separate Registered Charity (no 1133090) set up for this purpose.

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restrict ed General Funds	Restrict ed Fixed Asset Funds Public	Endowed Funds	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	662	-	662
Current assets	96	1,905	52	100	2,153
Current liabilities	-	(1,805)	-	-	(1,805)
Pension scheme liabilities	(1,283)	-	-	-	(1,283)
	<u>(1,187)</u>	<u>100</u>	<u>714</u>	<u>100</u>	<u>(273)</u>

20 CAPITAL COMMITMENTS

	2010 £000
Contracted for but not provided for in the financial statements	nil
Authorised by Trustees but not yet contracted	<u>nil</u>

21 LEASE COMMITMENTS

At 31 August 2010 the Academy had annual commitments under non-cancellable operating leases, other than land and buildings, as follows

	2010 £
Operating leases which expire	
Within one year	nil
Within two to five years	<u>£38,883</u>

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

22 CONTINGENT LIABILITIES

Funding agreement contingency

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

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

23 PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for support staff

The total pension cost to the Academy during the year ended 31 August 2010 amounted to £782,405 of which £528,272 relates to the TPS and £254,133 relates to the LGPS

Ongoing commitment to enhanced pension payments to former academic staff:

As part of the staff restructuring during the year, an ongoing commitment has been taken on by the Academy to fund annual enhanced pension payments to former academic staff. The enhanced pension payments will be paid to the former staff members for the remainder of their lives and the amount payable for the year ended 31st August 2011 is £9,138

A total provision for estimated future enhanced pension liabilities of £199,718 has been made at 31st August 2010 with, as stated above, the 2010/11 annual cost of £9,138 being included in creditors due within a year on the balance sheet and with the balance of £190,580 being included in the over 1 year pension provision

The provision for future enhanced pension liabilities will be reassessed at each balance sheet date and any movement required in the provision will be reflected in the statement of financial activities

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2010

23 PENSION COMMITMENTS (Continued)

Teachers' Pension Scheme TPS

Under the definitions set out in Financial Reporting Standard 17, Retirements 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 FRS17 and has accounted for its contributions 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' Pension Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full time teachers or lecturers and from 1 January 2007 automatic also for teachers or 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' Pension Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the Account 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 that real rate of return.

Not less than every four years, with a supporting interim valuation in between, 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.

Contributions are assessed in two parts. First, a standard contribution 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.

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

23 PENSION COMMITMENTS (Continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. 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%. The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the Standard Contribution Rate and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been 19.75% plus a supplementary contribution rate of 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%. The cost sharing agreement has also introduced, effective for the first time with effect from the 2008 valuation, a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2010 amounted to £528,272, which were contributions due for the year.

Local Government Pension Scheme

The Academy is one of several employing bodies within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefits 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 contributions made for the year ended 31 August 2010 amounted to £328,662 of which employer's contributions totalled £254,133 and employees' contributions totalled £74,529. The agreed employer's contribution rate for the year ended 31 August 2010 was 20.8%, with employee contributions varying from 5.5% to 7.2%.

The last full actuarial valuation of the LGPS was as at March 2007 and the following information is based on an actuarial update valuation based on the position as at 31st August 2010.

The amounts recognised in the balance sheet are as follows

	2010
	£000
Fair value of scheme assets	1,817
Present value of funded obligations	(2,910)
Surplus/(Deficit)	<u>(1,093)</u>

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
ELLESMERE PORT**

**NOTES TO THE FINANCIAL STATEMENTS
(continued)**

for the year ended 31 August 2010

23 PENSION COMMITMENTS (Continued)

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

	2010 £000
Opening defined benefit obligation as at 1 st September 2009	(2,401)
Service cost	(199)
Interest cost	(136)
Past service cost	170
Actuarial losses	(274)
Member contributions	(70)
Benefits paid	-
Closing defined benefit obligation as at 31 st August 2010	<u>(2,910)</u>

Changes in the fair value of scheme assets are as follows

	2010 £000
Opening scheme assets as at 1 st September 2009	1,301
Expected return	93
Actuarial gains	117
Contributions by employer	236
Member contributions	70
Benefits/transfers paid	-
Closing scheme assets as at 31 st August 2010	<u>1,817</u>

The amounts recognised in income and expenditure are as follows

	2010 £000
Current service cost, net of employer contributions	(37)
Interest on obligations	43
Past service costs	(170)
Total cost / (gain)	<u>(164)</u>

The amounts recognised in Statement of Recognised Gains and Losses are as follows

	2010 £000
Actuarial losses	<u>157</u>

**UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY,
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NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

23 PENSION COMMITMENTS (Continued)

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 August 2010	Value at 31 August 2010 £000
Equities	6.9%	1,254
Government bonds	4.3%	309
Property	4.9%	109
Cash	4.0%	145
Total fair value of assets		1,817
Present value of scheme liabilities		(2,910)
Net pension liability		(1,093)

The major assumptions used by the actuary were

	At 31 August 2010
Rate of increase in salaries	4.7%
Rate of increase in pensions	2.7%
Discount rate for liabilities	4.8%
Expected return on assets	6.1%

The current mortality rate assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancy for a pensioner retiring at 65 on the balance sheet date is

	2010
Retiring now	
Male	20.8 years
Female	24.1 years
Retiring in 20 years	
Male	22.3 years
Female	25.7 years

UNIVERSITY OF CHESTER CHURCH OF ENGLAND ACADEMY, ELLESMERE PORT

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 August 2010

24 RELATED PARTIES

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

Cheshire West and Chester Council (CWaC) are one of the sponsors of the Academy and have provided a Permanent Endowment of £100,000, which is registered as a separate registered charity No 1133090. The income arising on the Endowment is to be used for the direct benefit of the students of the Academy.

In addition, the IT equipment, furniture and other equipment held by the two predecessor Local Authority schools have been donated to the Academy and, as disclosed in note 14, have been valued at a combined total of £957,000. These assets are being depreciated over a three year period, so that they will have a nil book value at 31st August 2012, the date on which the Academy will start operating from its new premises.

The two sites from which the Academy currently operates are leased from the Local Authority on a peppercorn rent, with the lease due to expire at the end of August 2012.

Payroll and other support services have also been purchased in the year from CWaC at arm's length, on normal commercial terms.

25 MEMBERS' LIABILITY

The company is a company limited by guarantee.

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

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