



**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2011**

FOR

**KEARSLEY ACADEMY
(a company limited by guarantee)**

COMPANY REGISTERED NUMBER: 07189647

KEARSLEY ACADEMY

INDEX TO THE FINANCIAL STATEMENTS

	Page
Reference and Administrative Information	1
Report of the Governors	2 - 7
Independent Auditor's Report	8 - 9
Statement of Financial Activities	10
Income and Expenditure Account	11
Statement of Total Recognised Gains and Losses	11
Balance Sheet	12
Cash Flow Statement	13
Principle Accounting Policies	14 - 16
Notes to the Financial Statements	17 - 30

KEARSLEY ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS

Governors (Trustees)

* = members of the Finance Committee

Roger Alston (appointed 1/9/10)
Nigel Jepson * (appointed 1/10/10)
Mike Lomas (appointed 1/9/10)
Councillor Borrows (appointed 1/9/10)
Councillor Wild (appointed 1/9/10, resigned 7/11)
Debra Barlow * (appointed 1/9/10)
Les Walton (appointed 1/9/10)
Ian Kershaw * (appointed 1/9/10)
Brian Oglethorpe (appointed 1/9/10)
Ray Steele (appointed 1/9/10)
Susan Walsh * (appointed 1/9/10)
Kay Grindley (appointed 2/11)
Jim Liptrot (appointed 1/9/10)
Stephen Tonge (appointed Oct 2011)
Kim Kinsella (appointed 1/9/10, resigned 1/11)

Senior Leadership Team

Principal	Nigel Jepson
Vice Principal	Matthew Little
Vice Principal	Suzanne Pountain
Assistant Principal	John Keating
Assistant Principal	Unsa Tabassum
Assistant Principal	Melanie Hughes
Acting Assistant Principal	Sharon Powell
Finance Director	Gary Hellawell

Registered Office

Springfield Road
Kearsley
Bolton
BL4 8HY

Academy Site

Springfield Road
Kearsley
Bolton
BL4 8HY

Company Registration Number:

07189647 (England and Wales)

Auditors:

RSM Tenon Audit Limited
2 Wellington Place
Leeds
LS1 4AP

Bankers:

Barclays Bank PLC
Gosforth High Street
Leicester
LE87 2BB

KEARSLEY ACADEMY
REPORT OF THE GOVERNORS
For the Period Ended 31 August 2011

The governors present their report together with the financial statements of the charitable company for the period ended 31 August 2011. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 14 to 16 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

The Academy was incorporated on 15 March 2010 as a company limited by guarantee with no share capital (registration no 07189647). The Academy was registered with the Charities Commission on 15 July 2010 as a registered charity (registration no 1136861). This registration was subsequently cancelled by a change in legislation on 1 August 2011. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The initial Members of the charitable company were nominated by Northern Education who are the lead sponsors of the Academy. Subsequent Members are nominated by unanimous decision of the existing Members. The articles of association require the Members of the charitable company 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 period after he/she ceases to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a Member.

Governors

Three Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The Governors who were in office at 31 August 2011 and served during the period are listed on page 1.

During the period under review the Governors held 10 meetings (three Full Governors, seven Sub-Committees). In addition, there have been various facilitated training events for the Governors. The training and induction provided for new Governors will depend on their existing experience. 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 copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a period, induction tends to be done informally and is tailored specifically to the individual.

Responsibilities of the Governors

Company law requires the Governors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the charitable company at the end of the financial period and of its incoming resources and application of resources, including its income and expenditure, for the financial period. In preparing financial statements giving a true and fair view, the Governors are required to

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

KEARSLEY ACADEMY

REPORT OF THE GOVERNORS For the Period Ended 31 August 2011 (continued)

Responsibilities of the Governors (continued)

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

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

The Governors confirm that, so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Organisational Structure

The Academy's unified management structure consists of three levels, the Governors, the Senior Leadership Team ('SLT') and the Middle 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 SLT comprises the Principal, two Vice Principals, three Assistant Principals, two Acting Assistant Principals and a Finance Director. The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts within the SLT always include a member of the Governing Body.

Connected organisations

Northern Education is the lead sponsor to Kearsley Academy. Bolton Council are a co-sponsor, and the University of Bolton are an education partner.

Risk management

The Academy produced a formal, written Risk Register in the period. In this Register, the Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy. The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

KEARSLEY ACADEMY

REPORT OF THE GOVERNORS For the Period Ended 31 August 2011 (continued)

Statement on the system of internal finance control

As governors, 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 the financial statements comply with the Companies Act. We 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,
- The 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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance 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 (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Governors have considered the need for a specific internal audit function and have decided to appoint RSM Tenon as internal auditor. The Governors have appointed RSM Tenon 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 on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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

KEARSLEY ACADEMY
REPORT OF THE GOVERNORS
For the Period Ended 31 August 2011
(continued)

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the charitable company is the operation of Kearsley Academy to provide education for pupils of different abilities between the ages of 11 and 16 specialising in Mathematics, Computing and Leadership

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance 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 science and technology and their practical applications

The main objectives of the Academy are summarised below

- Striving to make Kearsley Academy the first choice option for local parents and young people,
- Improving the quality of teaching and in particular student learning, including the use of assessment to enable all students to meet / exceed personalised targets,
- Raising and sustaining high attainment at GCSE, especially in English and Maths,
- Increasing attendance levels and reducing persistent absence levels,
- Establishing an inclusion agenda which fully incorporates SEN / Behaviour management, and
- Developing an aspirational learning community in which young people are well-prepared and keen to want to progress onto Further / Higher education

Strategies and activities

The Academy's main strategy is encompassed in its mission statement which is 'To transform the learning and life opportunities of students'

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

Kearsley Academy is non-selective and offers all students a broad curriculum. The students who attend live mainly in the Kearsley area although some travel from further afield. To assist academic study, the Academy runs a breakfast club, revision and course clinic sessions and offers participation in national schemes, such as Playing for Success. The Academy offers its students activities and experiences beyond the academic, with coaching in various sports including cricket, football, rock-climbing and boxing. Students are also encouraged to take part in the Duke of Edinburgh Awards Scheme. Various visits and other offsite activities are organised to broaden and deepen students' life experiences and to stimulate their imagination and learning. Students will also take part in community-based activities, designed to put something back into the locality.

Compliance statement

We acknowledge as Governors that the Academy has complied with the Charities Commission's public benefit requirements during the period

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.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. 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, by making support resources available and through training and career development.

KEARSLEY ACADEMY
REPORT OF THE GOVERNORS
For the Period Ended 31 August 2011
(continued)

ACHIEVEMENTS AND PERFORMANCE

The Academy continues to improve outcomes for its young people. The percentage of pupils gaining 5 A*-C including English and Maths rose from 32% (Predecessor school) in 2009/10 academic year to 52% in 2010/11 academic year. This period saw an increase in the percentage of pupils gaining at least 5 A*-C from 57% (Predecessor school) in 2009/10 academic year to 68% in 2010/11 academic year.

FINANCIAL REVIEW

Financial report for the period

The majority of the Academy's income is obtained from the Young People's Learning Agency ('YPLA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from YPLA during the period ended 31 August 2011 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from YPLA. 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.

During the period ended 31 August 2011, total expenditure of £3,887k was more than covered by recurrent grant funding from YPLA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted endowment and fixed asset funds) was £247k.

At 31 August 2011 the net book value of fixed assets was £149k and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Under accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension scheme, which is provided for support staff, to the Unrestricted Fund. This resulted in the pension fund showing a deficit of £79k which has been carried forward to 2012. It should be noted that this does not present a liquidity problem for the Academy and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future periods. If the pension deficit and related charges were taken out, Restricted Funds would show a surplus of £109k.

Reserves policy and financial position

Reserves policy

In this first year, Governors agreed that the estimated year end surplus was both contingency and reserve. This was budgeted to be £80k and grew steadily during the year as new funds became available and spending remained within the budget set. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £109k.

In future years, the governors will review the reserve levels of the Academy annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

KEARSLEY ACADEMY
REPORT OF THE GOVERNORS
For the Period Ended 31 August 2011
(continued)

Financial position

The Academy held fund balances at 31 August 2011 of £188k comprising £109k restricted funds (after a pension reserve deficit of £79k) a balance of £79k on unrestricted general funds

Restricted funds excluding fixed assets are in deficit by £40k, primarily due to the pension scheme deficit of £79k. This is shown in more detail in note 15 to the financial statements

PLANS FOR FUTURE PERIODS

The Academy is planning for its move into its new building in 2012/13 Academic year and the positive changes in administration and curriculum delivery that this will entail

AUDITORS

A resolution will be made at the coming Annual General Meeting to appoint RSM Tenon Audit Limited as auditors for the company for the coming period

The report of the governors was approved by the governors on 14 December 2011 and signed on their behalf by



Roger Alston
Chair of Governors

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KEARSLEY ACADEMY

FOR THE PERIOD ENDED 31 AUGUST 2011

We have audited the financial statements of Kearsley Academy for the period ended 31 August 2011, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under accounting policies set out therein.

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 Governors' (who act as trustees for the charitable activities of Kearsley Academy and some of whom are also the directors of the company for the purposes of company law) responsibilities for preparing the annual report and the financial statements in accordance with 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 in our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice Financial Reporting and Annual Accounts Requirements issued by the Department for Education 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' Report is consistent with those financial statements.

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 certain disclosures of Governors' remuneration specified by law are not made.

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

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.

KEARSLEY ACADEMY
COMPANY REGISTERED NUMBER: 07189647

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KEARSLEY ACADEMY
FOR THE PERIOD ENDED 31 AUGUST 2011
(continued)

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 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 period,
- grants made by the Department for Education have been applied for the purposes intended, and
- the information given in the Governors' Report is consistent with the financial statements



Alan Dunwell
Senior Statutory Auditor
RSM Tenon Audit Limited, Statutory Auditor
2 Wellington Place
Leeds
LS1 4AP

Date 14 December 2011

KEARSLEY ACADEMY
Statement of Financial Activities for the period to 31 August 2011

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Activities for generating funds	2	61	-	-	61
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	3	-	4,000	5	4,005
Other income	4	18	50	-	68
Total incoming resources		79	4,050	5	4,134
Resources expended					
<i>Charitable activities</i>					
Academy's educational operations	6	-	3,689	43	3,732
Defined benefit scheme costs	21	-	96	-	96
Governance costs	7	-	59	-	59
Total resources expended		-	3,844	43	3,887
Net incoming resources before transfers		79	206	(38)	247
Gross transfers between funds	15	-	(187)	187	-
Net incoming resources before other recognised gains and losses		79	19	149	247
Other recognised gains and losses					
Brought forward defined benefit pension scheme liability	21	-	(204)	-	(204)
Actuarial gains on defined benefit pension schemes	21	-	145	-	145
Net movement in funds		79	(40)	149	188
Funds carried forward at 31 August		79	(40)	149	188

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

KEARSLEY ACADEMY**Income and Expenditure Account for the period to 31 August 2011**

	Notes	2011 £000
Income		
DfE/YPLA General Annual Grant (GAG)	3	2,414
DfE/YPLA Start Up Grant	3	876
DfE/YPLA capital grants	3	5
Other DfE / YPLA grants	3	340
Other Government grants	3	370
Activities for generating funds	2	61
Other income	4	68
Total income		4,134
Expenditure		
Staff costs	8	2,586
Non pay expenditure	5	1,162
Depreciation	12	43
Net defined benefit pension scheme cost	21	96
Total expenditure		3,887
Excess of income over expenditure		247

Statement of Total Recognised Gains and Losses

		2011 £000
Excess of income over expenditure		247
Brought forward defined benefit pension scheme liability	21	(204)
Actuarial losses on defined benefit pension scheme	21	145
Total recognised gains and losses for the period		188
Net movement to funds		
Restricted general funds		(40)
Restricted fixed asset fund		149
Unrestricted general fund		79
		188

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 10 which, together with the notes to the financial statements on pages 17 to 30 provides full information on the movements during the period on all the funds of the Academy

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

KEARSLEY ACADEMY
Balance sheet as at 31 August 2011
Company number 07189647

	Notes	2011 £000
Fixed assets		
Tangible assets	12	<u>149</u>
		<u>149</u>
Current assets		
Debtors	13	156
Cash at bank and in hand		<u>112</u>
		268
Creditors Amounts falling due within one period	14	<u>(150)</u>
Net current assets		<u>118</u>
Net assets excluding pension liability		267
Pension scheme liability	21	<u>(79)</u>
Net assets including pension liability		<u>188</u>
Funds and reserves		
Restricted funds		
Fixed asset fund	15	149
General fund	15	39
Pension reserve	15	(79)
Other	15	-
		<u>109</u>
Unrestricted funds		
General fund		<u>79</u>
Total unrestricted funds		<u>79</u>
Total Charity Funds and Reserves		<u>188</u>

The financial statements on pages 2 to 30 were approved by the governors, and authorised for issue on 14 December 2011 and signed on their behalf by

Mr R Alston
Chair

R.T. Alston

KEARSLEY ACADEMY**Cash Flow Statement for the period ended 31 August 2011**

	2011 £000	
Net cash inflow from operating activities		
(Deficit)/surplus on continuing operations after depreciation of	247	
Depreciation (note 15)	43	
FRS 17 pension cost less contributions payable (note 21)	21	
FRS 17 pension finance income (note 21)	(1)	
Increase in debtors	(156)	
Increase in creditors	150	
Net cash inflow from operating activities	304	
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(187)	
Capital grants from DfE/YPLA	(5)	
	(192)	
 Increase in cash in the period	112	
 Analysis of changes in net funds		At 31 August 2011
	Cash flows	
	£000	£000
Cash in hand and at bank	112	112

KEARSLEY ACADEMY
PRINCIPAL ACCOUNTING POLICIES
Period ended 31 August 2011

Format of financial statements

The standard format for the financial statements as required by the Companies Act 2006, has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the Academy

Basis of accounting

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005

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 funds on the balance sheet

Sponsorship income

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

Donations

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

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 constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs

KEARSLEY ACADEMY
PRINCIPAL ACCOUNTING POLICIES
Period ended 31 August 2011
(continued)

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors

Restricted funds comprise grants from YPLA and other donors which are to be used for specific purposes as explained in note 15

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and 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 costing less than £2,500 are written off in the period of acquisition per the Academy's Financial Regulations Manual except for computer equipment with an individual value under £100 or collective grouped value under £200 when bought at the same time and the same purpose are written off. All other assets are capitalised.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used for assets are

Motor Vehicles	10 Years straight line with a 10% Residual Value
Leasehold improvements	10 Years straight line with a 10% Residual Value
Fixtures and Fittings	4 or 5 Years straight line with No Residual Value
Computer Equipment	4 Years straight line with No Residual Value

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.

Taxation

The Academy is exempt from income tax and corporation tax under the provisions 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.

KEARSLEY ACADEMY
PRINCIPAL ACCOUNTING POLICIES
Period ended 31 August 2011
(continued)

Pensions

Academy staff are members of one of two defined benefit pension schemes. More details of the schemes are given in note 21.

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of YPLA. 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 represent the contributions payable by the Academy in the period.

Local Government Pension Scheme

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

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

KEARSLEY ACADEMY

Notes to the Accounts (continued)

1 General Annual Grant (GAG)

a Results and Carry Forward for the period

**2011
£000**

GAG allocation for current period	2,414
Total GAG available to spend	2,414
Recurrent expenditure from GAG	(2,188)
Fixed assets purchased from GAG	(187)
	39
Other restricted GAG funds	
GAG carried forward to next period	39
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(290)
GAG to surrender to DfE	(251)
(12% rule breached if result is positive)	no breach

b Use of GAG Brought Forward from Previous period for Recurrent Purposes

(Of the amount carried forward each period, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

N/a - new Academy in 2011

2 Activities for Generating Funds

	Unrestricted Funds £000	2011 Total Funds £000
Lettings income	1	1
Catering income	60	60
	61	61

KEARSLEY ACADEMY

Notes to the Accounts (continued)

3 Funding for Academy's educational operations

	Restricted Funds £000	Total 2011 £000
DfE/YPLA capital grant		
Devolved Formula Capital allocations	<u>5</u>	<u>5</u>
	<u>5</u>	<u>5</u>
DfE / YPLA revenue grants		
General Annual Grant (GAG) (note 1)	2,414	2,414
Start Up Grants	876	876
Other DfE / YPLA grants	<u>340</u>	<u>340</u>
	<u>3,630</u>	<u>3,630</u>
Other Government grants		
School Standards Funds	196	196
SEN from LA	97	97
Special educational projects	<u>77</u>	<u>77</u>
	<u>370</u>	<u>370</u>
	<u>4,005</u>	<u>4,005</u>

4 Other incoming resources

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000
Insurance claim	-	1	1
VAT claim	-	49	49
Sundry income	<u>18</u>	<u>-</u>	<u>18</u>
	<u>18</u>	<u>50</u>	<u>68</u>

KEARSLEY ACADEMY
Notes to the Accounts (continued)

5 Resources Expended

	Staff Costs	Other Costs	Depreciation	Total 2011
	£000	£000	£000	£000
Academy's educational operations				
Direct costs	2,144	288	40	2,472
Allocated support costs	442	815	3	1,260
	<u>2,586</u>	<u>1,103</u>	<u>43</u>	<u>3,732</u>
Governance costs including allocated support costs	-	59	-	59
	<u>2,586</u>	<u>1,162</u>	<u>43</u>	<u>3,791</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 14

6 Charitable Activities - Academy's educational operations

	Restricted Funds £000	2011 Total Funds £000
Direct costs		
Teaching and educational support staff costs	2,144	2,144
Depreciation	40	40
Educational supplies	132	132
Examination fees	32	32
Staff development	11	11
Educational consultancy	41	41
Other direct costs	72	72
	<u>2,472</u>	<u>2,472</u>
Educational support costs		
Support staff costs	442	442
Depreciation	3	3
Recruitment and other staff costs	50	50
Heat and light	96	96
Premises (including building insurance)	264	264
Catering contract	65	65
Technology costs	118	118
Other support and admin expenses	222	222
	<u>1,260</u>	<u>1,260</u>
	<u>3,732</u>	<u>3,732</u>

7 Governance costs

	Restricted Funds £000	2011 Total Funds £000
Legal and professional fees	10	10
Auditors' remuneration		
Audit of financial statements	8	8
Responsible officer audit	4	4
Other services	7	7
Governor training	6	6
Staff costs	23	23
Governors' reimbursed expenses	1	1
	<u>59</u>	<u>59</u>

KEARSLEY ACADEMY
Notes to the Accounts (continued)

8 Staff costs

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows

	2011 No
Charitable Activities	
Teachers	27
Education support	18
Administration	17
Management	8
	<u>70</u>

Of management staff, 7 people also have teaching responsibilities

Staff costs comprise

	Restricted Funds £000	2011 Total Funds £000
Wages and salaries	2,185	2,185
Social security costs	164	164
Other pension costs	199	199
	<u>2,548</u>	<u>2,548</u>
Supply teacher costs	61	61
	<u>2,609</u>	<u>2,609</u>

Two employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2011. The total emoluments of these employees were in the following ranges

	2011 No
£60,001 - £70,000	1
£100,001 - £110,000	<u>1</u>

Both of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contributions for these staff amounted to £25.5k

9 Governors' remuneration and expenses

Two of the governors are employees of the academy. Those employees' remuneration for the period ended 31 August 2011 was £130,000 with pension contributions of £20,000. One of these governors is also included in the highest paid staff analysis in note 8. No other governor of the academy received any payment or other emoluments from the academy in the period.

Principal and staff governors only receive remuneration in respect of services they provide under the roles of Principal and staff members and not in respect of services as governors.

During the period ended 31 August 2011, travel and subsistence expenses totalling £0.7k were reimbursed to one governor.

Interests in transactions

There were no declared interests in transactions made by the Academy.

10 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 cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2011 was £0.6k.

11 Taxation

The academy is an exempt charity for tax purposes and therefore is not liable to income tax or corporation tax on income from charitable activities.

KEARSLEY ACADEMY
Notes to the Accounts (continued)

12 Tangible Fixed Assets

	Leasehold Improvements	Fixtures & Fittings	Computer equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
Additions	9	26	135	22	192
At 31 August 2011	<u>9</u>	<u>26</u>	<u>135</u>	<u>22</u>	<u>192</u>
Depreciation					
Charged in period	1	6	34	2	43
At 31 August 2011	<u>1</u>	<u>6</u>	<u>34</u>	<u>2</u>	<u>43</u>
Net book values					
At 31 August 2011	<u>8</u>	<u>20</u>	<u>101</u>	<u>20</u>	<u>149</u>

Tangible fixed assets have been funded from the

	£000
YPLA/DfE capital grants	5
Other YPLA/DfE grants	187
Cost of fixed assets at 31 August	192
Less Accumulated depreciation	<u>(43)</u>
Net book value of fixed assets at	<u>149</u>

KEARSLEY ACADEMY
Notes to the Accounts (continued)

13 Debtors

2011
£000

Prepayments	40
Sundry debtors	116
	<u>156</u>

14 Creditors amounts falling due within one period

2011
£000

Trade creditors	37
Sundry creditors	21
Accruals and deferred income	92
	<u>150</u>

KEARSLEY ACADEMY
Notes to the Accounts (continued)

15 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 and transfers	At 31 August 2011 £000
	£000	£000	£000	
DfE/YPLA Revenue Grants				
General Annual Grant (GAG)	2,414	(2,188)	(187)	39
Start Up Grant	876	(876)	-	-
Other DfE/YPLA grants	340	(340)	-	-
	3,630	(3,404)	(187)	39
Pension Reserve		(79)		(79)
	3,630	(3,483)	(187)	(40)
Other Restricted Grants				
LEA and other grants	293	(293)	-	-
Other restricted	127	(127)	-	-
	420	(420)	-	-
Fixed asset funds				
DfE capital grants	5	(43)	187	149
Private sector capital sponsorship	-	-	-	-
	5	(43)	187	149
Total restricted funds	4,055	(3,946)	-	109

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development

Capital fund

These grants relate to funding received from the DfE, YPLA and private sponsors to carry out works of a capital nature as part of the School Building project

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature

KEARSLEY ACADEMY
Notes to the Accounts (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2011
	£000	£000	£000	£000
Tangible fixed assets		-	149	149
Current assets	79	110	-	189
Current liabilities		(150)	-	(150)
Pension scheme liability		(79)	-	(79)
Total net assets	79	(119)	149	109

17 Capital commitments

	2011 £000
Contracted for, but not provided in the financial statements	0
Authorised by governors, but not yet contracted	<u>0</u>

18 Financial commitments

Operating leases

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

	2011 £000
Other	
Expiring within one period	1
	<u>1</u>

KEARSLEY ACADEMY

Notes to the Accounts (continued)

19 Contingent Liabilities

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

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

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

20 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 period after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member

KEARSLEY ACADEMY
Notes to the Accounts (continued)

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-teaching staff Both are defined-benefit schemes

Total pension cost for the period	2011 £000
Teachers Pension Scheme contributions paid	195
Local Government Pension Scheme Contributions paid	76
FRS 17 charge	(97)
Charge to the Income and Expenditure Account (staff costs)	(21)
Total Pension Cost for period	153

The pension costs are assessed in accordance with the advice of independent qualified actuaries, Hymans Robertson LLP The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2011

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four periods in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period Where applicable, an appropriate provision in respect of unfunded pensioners' benefits is included in provisions

KEARSLEY ACADEMY
Notes to the Accounts (continued)

21 Pension Commitments (Continued)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2011 was £113,237, of which employer's contributions totalled £80,011 and employees' contributions totalled £33,226. The agreed contribution rates for future years are 14.4 per cent for employers and range from 5.5 to 7.5 per cent for employees.

FRS 17

Principal Actuarial Assumptions

	At 31 August 2011
Rate of increase in salaries - to 31 March 2013	1.00%
- from 1 April 2013	4.40%
Rate of increase for pensions in payment / inflation	2.60%
Discount rate for scheme liabilities	5.40%
Inflation assumption	3%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2011
<i>Retiring today</i>	
Males	20.10
Females	22.90
<i>Retiring in 20 years</i>	
Males	22.50
Females	25.00

KEARSLEY ACADEMY
Notes to the Accounts (continued)

21 Pension Commitments (Continued)

Local Government Pension Scheme (Continued)

The estimated academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Long-term rate of return expected at 31 August 2011	Value at 31 August 2011
	%	£000
Equities	6.80%	762
Bonds	4.60%	231
Property	4.80%	69
Cash	3.90%	92
Total market value of assets		1,154
Present value of scheme liabilities		
- Funded		1,233
Deficit in the scheme		(79)

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

The expected 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 1 September 2010 for the period to 31 August 2011). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets in the year was £62,000

Total expenditure recognised in the Statement of Financial Activities

	2011 £000
Current service cost	97
Total operating charge	97
Interest on obligation	61
Expected return on Scheme assets	(62)
Net return	(1)
Total expenditure recognised in the Statement of Financial Activities	96

	2011 £000
Deficit in scheme transferred from legacy school	(204)
Actuarial gains on scheme liabilities	145
Total amount recognised in STRGL	(59)

KEARSLEY ACADEMY**Notes to the Accounts (continued)****21 Pension Commitments (Continued)****Amount recognised in the statement of total recognised gains and losses (STRGL)****2011
£000**

Transfer of deficit from legacy school	(204)
Change in the financial and demographic assumptions underlying the present value	145
Actuarial loss recognised in STRGL	(59)

Reconciliation of opening and closing balances of the present Trust's share of scheme's liabilities**2011
£000**

Scheme liabilities transferred from legacy school	1,187
Current service cost	97
Contributions by scheme participants	33
Interest cost	61
Actuarial gain	(145)
Scheme liabilities at 31 August	1,233

Reconciliation of opening and closing balances of the fair value the Trust's share of the scheme assets**2011
£000**

Fair value of scheme assets transferred from legacy school	983
Expected return on scheme assets	62
Contributions by employer	76
Contributions by scheme participants	33
Fair value of scheme assets at 31 August	1,154

Movement in deficit during period**2011
£000**

Deficit in scheme transferred from legacy school	(204)
Current service cost	(97)
Employer contributions	76
Net interest/return on assets	1
Actuarial gain	145
Deficit in scheme at 31 August	(79)

KEARSLEY ACADEMY
Notes to the Accounts (continued)

21 Pension Commitments (Continued)

Amounts for the current and previous periods

	2011 £000
Defined benefit obligation at end of period	1,233
Fair value of plan assets at end of period	1,154
Deficit	<u>(79)</u>
Experience adjustments on Scheme assets	-
Experience adjustments on Scheme liabilities	145

Projected pension expense for the year to 31 August 2012

	2011 £000
Projected amount credited to	
Service cost	87
Interest cost	70
Return on assets	<u>(73)</u>
Total	<u>84</u>
Employer contributions	<u>79</u>

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Pension Schemes' that where, under FRS 17, a charity discloses a significant pension fund deficit this does not mean that an immediate liability for this amount crystallises. Similarly, where a pension surplus is disclosed this does not create an immediately realisable asset that can be released straight away and expended on the purposes of the charity. In particular the disclosure of a pension liability does not mean that the equivalent amount is already committed and is no longer available to the trustees to further the charity's objectives.

22 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.

Northern Education are the lead sponsors of the Academy and are represented on the Governing Body. Purchase transactions in the period amounted to £40k. There were no balances outstanding at the period end.

Transactions with the YPLA are detailed in note 3.