

REGISTRAR OF COMPANIES

The Charter School Educational Trust

Annual Report and Financial Statements

For the period from 6 August 2010 to
31 August 2011

Company Limited by Guarantee
Registration Number 07338707
(England and Wales)

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Reference and administrative information

Governors	Elizabeth Brown (Chair) Emmanuel Amadi (Vice Chair) Amanda Brown Toby Eckersley Brigid Gardner Sharon Gordon Helen Jeffrey Rosamund Jones Juliet Love Anthony Munton Lin Proctor Lucie Russell David Sheppard Una Tomkins Paula Webb
Head Teacher	David Sheppard
Company Secretary	Christine Abad
Headship Team	Head Teacher Deputy Head Teacher Director of Learning KS3 Director of Learning KS4 Director of Learning Post 16 Director of Learning CPD, Performance Management Director of Learning Assessment & Timetable Director of Learning Access and Inclusion
Registered address	The Charter School Red Post Hill London SE24 9JH
Telephone	0207 346 6600
Website	www.charter.southwark.sch.uk
Company registration number	07338707 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Royal Bank of Scotland plc
Sheffield Attercliffe Branch
747 Attercliffe Road
Sheffield
S9 3RF

Solicitors Baker Small Solicitors
Exchange House
494 Midsummer Boulevard
Milton Keynes
MK9 2EA

Governors' report Period from 6 August 2010 to 31 August 2011

The governors of The Charter School Educational Trust ('the School') present their statutory report together with the financial statements of the charitable company for the period from 6 August 2010 to 31 August 2011

The report has been prepared in accordance with Part VI of the Charities Act 1993 as amended by Charities Act 2006

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 25 of the attached financial statements and comply with the School's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005')

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The School is a company limited by guarantee with no share capital (registration no 07338707) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the School.

The School receives funding under the terms of the Funding Agreement entered into with the Secretary of State for Education.

Governance arrangements

The governors act as the trustees for the charitable activities of The Charter School Educational Trust and are also the directors of the Charitable Company for the purposes of Company Law. The charitable company is known as The Charter School.

The articles of association require the members of the charitable company to appoint up to eleven Governors under article 50 and staff governors under article 50a. The Charter School Educational Trust has permission to appoint one Local Authority Governor under Article 51, a minimum of 2 parent Governors appointed under articles 53 – 58, the Head Teacher as an ex-officio governor under article 52, any additional governors if appointed under articles 62, 62a and 68a and any further Governors if appointed under articles 63 or 68a.

Governors are subject to retirement as set out in their terms of office under article 65.

During the period under review the governors held 12 meetings including meetings of the Full Governing Body, the Business Committee and the Development Committee. All Governors are members of both sub-committees and receive their minutes. The Business Committee operates as a finance and general purposes committee and the Development Committee deals with educational and curriculum strategy. The training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training on educational, legal, financial and charity matters. All new governors will be given a tour of the School. 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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governance arrangements (continued)

governors a year, induction is formal and is tailored specifically to the individual

In accordance with normal commercial practice the School has purchased insurance to protect the governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £10,000,000 on any one claim and details can be found in note 11 to the financial statements

Organisational Structure

The structure is the Governing body, the Headship team of The Charter School and the Leadership team of The Charter School. 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 School by the use of budgets and making major decisions about the direction of the school, capital expenditure and the appointment of the Head Teacher.

The Headship Team are the Head Teacher, the Deputy Head Teacher and the six Directors of Learning. These managers control the School at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the Headship team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for Head Teacher will be a governors' subcommittee supported by outside advice. Spending control is devolved to budget holders in line with the Scheme of Financial Delegation.

The Leadership Team includes the Headship Team, the six Key Curriculum Leaders, the Intervention Coordinator and the 7 Year Leaders. These managers are responsible for the day to day operation of the School, in particular organising the teaching staff, facilities and students.

Risk Management

The governors have assessed the major risks to which the charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, and its finances. The governors have implemented a number of systems to assess risks that the school 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. They are satisfied that these systems are consistent with guidelines issued by the Charities Commission. The School has an effective system of internal financial controls and this is explained in more detail in the following statement.

Governors' report Period from 6 August 2010 to 31 August 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations

There are no organisations that directly sponsor The Charter School Educational Trust. The Friends of The Charter School is a separate registered charity, governed independently of the Trust.

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 £10, for the debts and liabilities contracted before he/she ceases to be a member.

Governing Body Organisation

The following governors were in office at 31 August 2011 and served throughout the period except where shown.

Governor	Appointed/Resigned	Governor Type
Emmanuel Amadi (Vice Chair)	Appointed 6 th August 2010	Governing Body
Amanda Brown	Appointed 9 th December 2010	Parent
Elizabeth Brown (Chair)	Appointed 8 th September 2010	Governing Body
Sue Bowler	Appointed March 2010, Resigned September 2010	Governing Body
Toby Eckersley	Appointed 8 th September 2010	Local Authority
Brigid Gardner	Appointed 8 th September 2010	Co-opted
Jane Garvey	Appointed 6 th August 2010, Resigned May 2011	Governing Body
Sharon Gordon	Appointed 14 th July 2011	Parent
Mark Guest	Appointed September 2010, Resigned December 2010	Governing Body
Helen Jeffrey	Appointed 6 th August 2010	Governing Body
Rosamund Jones	Appointed 8 th September 2010	Governing Body
Juliet Love	Appointed 8 th September 2010	Governing Body
Wendy McCarry	Appointed September 2010, Resigned March 2011	Staff
Ria Morrell	Appointed September 2010, Resigned July 2011	Governing Body
Anthony Munton	Appointed 9 th December 2010	Parent
Bola Olaniyan	Appointed September 2010, Resigned May 2011	Governing Body
Lin Proctor	Appointed 14 th July 2011	Staff
Annette Pitura Riley	Appointed September 2010, Resigned October 2011	Governing Body
Lucie Russell	Appointed 8 th July 2011	Parent
David Sheppard	Appointed 8 th September 2010	Ex-officio
Una Tomkins	Appointed 6 th February 2011	Staff
Paula Webb	Appointed 8 th November 2011	Staff

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives for Public Benefit

The principal object and activity of the charitable company is the operation of The Charter School to advance, for the public benefit, education for students of different abilities between the ages of 11 and 19 with specialisms in science and business and technology

The governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the School's aims and objectives

In accordance with the articles of association and the funding agreement the charitable company has a scheme of government consisting of a funding agreement and articles of association approved by the Secretary of State for Education. The scheme of government specifies, amongst other things, the basis for admitting students to the School and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the School during the period ended 31 August 2011 are summarised below

- ◆ to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- ◆ to raise the standard of educational attainment of all students,
- ◆ to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review,
- ◆ to provide value for money for the funds expended,
- ◆ to comply with all appropriate statutory and curriculum requirements,
- ◆ to maintain close links with business, industry, commerce and higher and further education, and
- ◆ to conduct the School's business in accordance with the highest standards of integrity, probity and openness

Equal opportunities and employment of disabled persons

The School is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The School's Equalities and Diversities Policy is published on its Internet site.

OBJECTIVES AND ACTIVITIES (continued)

Equal opportunities and employment of disabled persons (continued)

The School considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the School continues. The School's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, the same as those for other employees.

Disability statement

The School seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disability Acts 2001 and 2005.

- a The School has a SENCO, who provides information, advice and arranges support where necessary for students with disabilities.
- b There is a list of specialist equipment, such as computers, which the School can make available for use by students and a range of assistive technology is available in the Special Educational Needs centre.
- c The admissions policy for all students is described in the School Admissions Policy. Appeals against a decision not to offer a place are dealt with by an independent appeal panel established by the Governors. Pupils with Statements of Special Educational Need are admitted under Schedule 27 of the Education Act 1996.
- d The School has made investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of teaching assistants and High Level Teaching Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for all students including the most able and those who have learning difficulties and/or disabilities.
- e Specialist programmes are described in School prospectuses, and achievements and destinations are recorded and published in the headteacher's reports to the Governing Body.

Strategies and activities

The School's main strategy is encompassed in its stated aim which is 'The aim of The Charter School is to provide an excellent education for children from the local community in a safe, supportive learning environment, where people are valued and make positive contributions to the school, and where pupils go on to become responsible, independent members of society.' To this end the activities provided include

Governors' report Period from 6 August 2010 to 31 August 2011

OBJECTIVES AND ACTIVITIES (continued)

Strategies and activities (continued)

- ◆ a broad and balanced curriculum,
- ◆ tuition and learning opportunities for all students to attain appropriate academic qualifications,
- ◆ training opportunities for all staff, and especially teaching staff,
- ◆ mentoring and placing of students with industrial and commercial partners and linking them to places of further and higher education,
- ◆ a programme of sporting and after school arts, music and leisure activities available to all students,
- ◆ after school clubs to allow students to explore science, business and technology in a practical and project oriented way, and
- ◆ a careers and advisory provision to help students move on to higher education or obtain employment

ACHIEVEMENTS AND PERFORMANCE

Performance Indicators

The School is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence

In its recent inspection in October 2009, OfSTED concluded that the School was an 'Outstanding' school

Assessment	Inspection Grade
Overall Effectiveness	1
The outcomes for individuals and groups of pupils	2
The School's Capacity for Sustained Improvement	1
How Effective are Leadership and Management	1
The effectiveness with which the School deploys resources to achieve value for money	2
There were a further 13 standards which were assessed as Outstanding, and 11 assessed as Good	

Note Grade 1 is 'Outstanding' and Grade 2 is 'Good'

Governors' report Period from 6 August 2010 to 31 August 2011

ACHIEVEMENTS AND PERFORMANCE (continued)

Performance Indicators (continued)

The School is also monitored through the completion and submission of the YPLA:

- ◆ annual Abbreviated Accounts Record, and
- ◆ Financial Management and Governance Evaluation

The current rating of at least Good and in a majority of cases Outstanding for all but one return is considered an acceptable outcome

Performance against Objectives

The School is now in its eleventh year of operation and continues to achieve the forecast numbers of students. Total students in the 2010/11 academic year numbered 1095 and the School has a full complement in all year groups. The School has agreement from the Department for Education (DfE) to admit 180 students in each year group. The Sixth form is currently 215 and the school plans to increase this number to 250.

Examination results for 2011 were very strong. Exam attainment has improved for 6 consecutive years. At A level candidates achieved 98% pass rate. There was a 98% pass rate at A* - E (2010 = 98%) and 49% of grades were A-C (2010 = 49%). At GCSE 67% of students achieved 5 or more passes at this level including English and Maths (2010 = 64%). At GCSE 95% of grades were A-C (2010 = 90%) and 95% of students achieved 5 or more passes at this level (2010 = 90%).

To ensure that standards are continually raised the School

- ◆ operates a programme of observation of lessons,
- ◆ is visited by subject and curriculum experts, and
- ◆ 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 School also participates in national programmes looking at added value through the key stages such as the PiXL programme.

Financial Objectives

The School's financial objectives are

- ◆ to achieve an annual operating surplus,
- ◆ to pursue alternative sources of funding, on a selective basis, consistent with the School's core competencies, and the need for a financial contribution to the School's overall finances,
- ◆ to generate sufficient levels of income to support the asset base of the School;

Governors' report Period from 6 August 2010 to 31 August 2011

ACHIEVEMENTS AND PERFORMANCE (continued)

Financial Objectives (continued)

- ◆ to further improve the School's shorter term liquidity, and
- ◆ to fund continued capital investment

Sound financial control is ensured by the structure of Governance including the Terms of Reference of the Committees and the Scheme of Delegation

These objectives were achieved in the period ended 31 August 2011

Additional highlights during the year included

- ◆ in addition to a full range of traditional subjects which were successfully taught at GCSE and A Level there were a range of challenging courses offered to the most able and an appropriate range of work related courses,
- ◆ a full programme of work experience as currently required and significant opportunities for pupils to engage in work experience, enterprise and careers' guidance,
- ◆ 84 of 85 students secured places at Universities and places of Higher Education All 163 pupils who left school at 16 secured places at The Charter College, colleges or other schools,
- ◆ a range of significant fundraising events, charity fundraising, assistance with youth groups, sporting activities,
- ◆ 10 staff are currently following an MA course, and
- ◆ strong staff recruitment during the academic year

FINANCIAL REVIEW

Financial report for the period

In its first period of operation as an Academy, a surplus of approximately £773,946 was achieved on the unrestricted general fund and a deficit of £80,448 on the restricted YPLA fund before transfers After transfers between funds and recognised losses on the defined benefit pension scheme the unrestricted general fund shows a surplus of £773,946 and the restricted YPLA fund a deficit of £350,353 A further £20,924,940 is held within restricted capital funds and £34,079 in other restricted funds

FINANCIAL REVIEW (continued)

Financial report for the period (continued)

Income of £21,182,030 was recognised as a result of transfers on conversion to becoming an Academy which includes the value of the tangible fixed assets and cash held reduced by the inherited defined pension obligation. Aside from these transfers, the majority of the School's income for the period ended 31 August 2011 was obtained from the YPLA in the form of a general annual grant and other grants. This income totalled £8,806,300 and represents 89% of the total income received in the period, excluding income arising on conversion to an academy.

During the period ended 31 August 2011, total expenditure of £8,967,161 was more than covered by recurrent grant funding from the YPLA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £409,672.

At 31 August 2011 the net book value of fixed assets was £20,924,940 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 students of the School.

The results for the year are shown on page 19.

The decision was taken to strengthen the following areas of the school provision, teaching of literacy, numeracy and science, teaching of literacy within SEN and Humanities, modern foreign languages and Latin and Mandarin, counselling for vulnerable students.

Principal Risks and Uncertainties

The School has developed a formal process to assess business risks and implement risk management strategies. This has involved identifying the types of risk the school faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating risks, then considering the cost of operating particular controls relative to the benefit obtained. The school's main risks are:

- ◆ Loss of funding by either budget cuts or falling student numbers, and
- ◆ Child protection failings

The school is aware of the current budgetary concerns and continually reviews its costs to ensure a balanced budget. The school has an active pupil recruitment strategy for both year 6 and 6th form pupils and is currently 2 times oversubscribed for first preference year 7 applications. The Assistant Head Teacher (Access and Inclusion) is the Designated Child Protection Officer and carries out regular training of all staff on safeguarding issues.

Governors' report Period from 6 August 2010 to 31 August 2011

FINANCIAL REVIEW (continued)

Reserves policy

The policy of the school is to carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal and other unforeseen contingencies, subject to the constraint that the level of resources do not exceed the level permitted by the YPLA. The Governors regularly review the reserves of the school and consider them to be sufficient for the school's requirement and not excessive. However due to the widely anticipated cuts in future funding the situation will be kept under review.

Financial position

The School held fund balances at 31 August 2011 of £21,382,612 comprising £20,608,666 of restricted funds, including the pension reserve deficit of £727,000, and £773,946 of unrestricted general funds.

Investment policy

The Charter School's Investment Strategy was agreed by the Business Committee in June 2011. In essence the strategy is:

- ◆ Regularly monitor cash flow and Current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice a working balance of between £50,000 and £300,000 is likely to be maintained.
- ◆ The Charter School will normally seek to avoid its current account going overdrawn.
- ◆ Identify funds surplus to immediate cash requirements and transfer to The Charter School (for the time being) Deposit Account bearing a higher interest rate.
- ◆ Periodically (at least annually) review interest rates and compare with other investment opportunities.
- ◆ The Charter School's current policy is to only invest funds in risk free and immediately assessable deposit accounts.
- ◆ Any change in Policy requires the approval of Governors via the Business Committee.
- ◆ The School will have due regard to ethical and environmental issues in selecting investments and will maintain a dialogue with the companies in which they invest with regard to these matters, and will not make investment in tobacco or arms companies.

Public Benefit

The Governors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the School.

Governors' report Period from 6 August 2010 to 31 August 2011

FINANCIAL REVIEW (continued)

Sustainability

The School is committed to sustainable development throughout all aspects of its operations
The School will continue to strive to meet or exceed the Sustainable Development in Government targets

Going concern

After making appropriate enquiries, the Governing Body considers that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements

FUTURE ACTIVITIES AND PLANS

The School will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave. The School will recruit up to the agreed levels

Approved by the governors on 8 December 2011 and signed on their behalf by



Elizabeth Brown

Chair of Governors

Statement on internal control Period from 6 August 2010 to 31 August 2011

Scope of responsibility

As governors, we acknowledge we have overall responsibility for the School's system of internal financial control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The governors have delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the School's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between The Charter School Educational Trust and YPLA. He is also responsible for reporting to the governors any material weaknesses or breakdowns in internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Charter School Educational Trust for the period ended 31 August 2011 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The governors have reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governors are of the view that there is a formal on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the period ended 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governors.

The Risk and Control Framework

The School'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:

- 1) comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- 11) regular reviews by the Business Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

Statement on internal control Period from 6 August 2010 to 31 August 2011

The Risk and Control Framework (continued)

- iii) setting targets to measure financial and other performance,
- iv) clearly defined purchasing (asset purchase or capital investment) guidelines
- v) delegation of authority and segregation of duties,
- vi) identification and management of risks

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 D Fitzpatrick, an advisor to the governors, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. As permitted by the YPLA Financial Handbook for Academies, this task has been outsourced to the external auditors. The external auditors will report to the governing body on a termly basis on the operation of the systems of control and on the discharge of the RO's financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by

- ◆ the work of the responsible officer
- ◆ the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework
- ◆ comments made by the School's financial statements auditors and any appointed funding auditors in their management letters and other reports

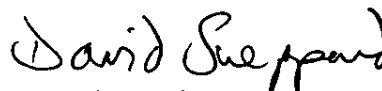
The Head Teacher has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Business Committee, which oversees the work of the responsible officer, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the governors on 8 December 2011 and signed on their behalf by



Elizabeth Brown

Chair of Governors



David Sheppard

Accounting Officer, Head Teacher

Statement of governors' responsibilities Period from 6 August 2010 to 31 August 2011

The governors (who are also directors of the School for the purposes of company law) are responsible for preparing the governors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the governors are required to

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP),
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether applicable United Kingdom 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 School will continue in operation

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the School 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 School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the governors confirm that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the governors on 8 December 2011 and signed on their behalf by



Elizabeth Brown

Chair of Governors

Independent auditor's report 31 August 2011

Independent auditor's report to the governors of The Charter School Educational Trust

We have audited the financial statements of The Charter School Educational Trust for the period ended 31 August 2011, which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

The governors of The Charter School Educational Trust are also the directors of the charitable company for the purposes of company law.

As explained more fully in the Statement of Governors' Responsibilities, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Independent auditor's report 31 August 2011

Opinion on financial statements

In our opinion

- ◆ the financial statements give a true and fair view of the state of the charity'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 requirements of the Companies Act 2006, and
- ◆ the financial statements have been prepared in accordance with the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Opinion on other matter prescribed by the Young People's Learning Agency

In our opinion grants made by the Young People's Learning Agency have been applied for the purposes intended

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of governors' remuneration specified by law are not made, or
- ◆ we have not received all the information and explanations we require for our audit

Buzzacott LLP

Kay Morrow, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

21 December 2011

Statement of financial activities Period from 6 August 2010 to 31 August 2011
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted general fund £	Restricted funds			2011 Total funds £
	Notes	£	YPLA £	Other £	Fixed assets fund £	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Transfer on conversion	2	731,579	(747,000)	—	21,197,451	21,182,030
Other voluntary income	2	143,527	—	24,879	5,000	173,406
Activities for generating funds	3	100,109	—	—	—	100,109
Investment income	4	1,452	—	—	—	1,452
Incoming resources from charitable activities						
Funding for the School's educational operations	5	—	8,786,052	20,248	—	8,806,300
Other income		38,476	—	—	—	38,476
Total incoming resources		1,015,143	8,039,052	45,127	21,202,451	30,301,773
Resources expended						
Charitable activities						
School's educational operations	7	241,197	8,040,815	11,048	595,416	8,888,476
Governance costs	8	—	78,685	—	—	78,685
Total resources expended	6	241,197	8,119,500	11,048	595,416	8,967,161
Net incoming/ (Outgoing) resources before transfers						
		773,946	(80,448)	34,079	20,607,035	21,334,612
Gross transfers between funds	15	—	(317,905)	—	317,905	—
Net income/(expenditure) for the period						
		773,946	(398,353)	34,079	20,924,940	21,334,612
Other recognised gains and losses						
Actuarial gain on defined benefit pension scheme	23	—	48,000	—	—	48,000
Net movement in funds		773,946	(350,353)	34,079	20,924,940	21,382,612
Reconciliation of funds						
Fund balances brought forward at 6 September 2010		—	—	—	—	—
Fund balances carried forward at 31 August 2011		773,946	(350,353)	34,079	20,924,940	21,382,612

All of the School's activities derived from continuing operations

A separate Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the above Statement of Financial Activities

Balance sheet as at 31 August 2011

	Notes	2011 £	2011 £
Fixed assets			
Tangible fixed assets	12		20,924,940
Current assets			
Debtors	13	144,189	
Current asset investments		731,579	
Cash at bank and in hand		974,815	
		1,850,583	
Creditors amounts falling due within one year	14	(665,911)	
Net current liabilities			1,184,672
Total assets less current liabilities			22,109,612
Net assets excluding pension scheme liability			
Pension scheme liability	23		(727,000)
Net assets including pension scheme liability			21,382,612
Funds of the School			
Restricted funds			
Fixed assets fund	15		20,924,940
Pension Reserve	15		(727,000)
General fund	15		376,647
Other funds			34,079
Total restricted funds			20,608,666
Unrestricted funds			
General funds			773,946
Total unrestricted funds			773,946
Total funds			21,382,612

The financial statements on page 19 to 37 were approved by the governors, and authorised for issue on 8 December 2011 and are signed on their behalf by



Elizabeth Brown

Chair of Governors

Company reg no 07338707

Cash flow statement Period from 6 August 2010 to 31 August 2011

	Notes	2011 £
Net cash inflow from operating activities	17	2,022,847
Returns on investment and servicing of finance	18	1,452
Capital expenditure	19	(317,905)
Management of liquid resources	20	(731,579)
Increase in cash in the year	21	974,815
Reconciliation of net cash flow to movement in net funds		
Net funds at 6 September 2010		—
Net funds at 31 August 2011		974,815

Principal accounting policies Period from 6 August 2010 to 31 August 2011

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Principal accounting policies Period from 6 August 2010 to 31 August 2011

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Prior to 31 March 2011, all costs were inclusive of irrecoverable VAT although the Academy received a VAT Grant as part of its GAG funding. Since 1 April 2011, the Academy has been able to reclaim VAT paid but is not entitled to a VAT Grant. Costs are stated net of recoverable VAT from this date.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the School's educational operations.

Governance Costs

These include the costs attributable to the School's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

Principal accounting policies Period from 6 August 2010 to 31 August 2011

Tangible Fixed Assets (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows

Freehold buildings	2% on cost
Fixtures, fittings and equipment	20% on cost
ICT equipment	33% on cost
Minibus	25% on cost

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 School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the School.

Principal accounting policies Period from 6 August 2010 to 31 August 2011

Pensions Benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the School in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the School at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Young People's Learning Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Young People's Learning Agency.

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

1 General Annual Grant (GAG)

	2011 £
a Results and Carry Forward for the period	
GAG allocation for current period	
Total GAG available to spend	8,747,997
Recurrent expenditure from GAG	(8,091,500)
Fixed asset purchases from GAG	(317,905)
GAG carried forward to next year	338,592
Maximum permitted GAG carry forward at end of current year (12% of allocation for current period)	(1,049,760)
GAG to surrender to DfE (12% rule breach if result is positive)	(711,168)
	No breach

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2011 Total funds £
Transfer on conversion	731,579	20,450,451	21,182,030
Other Donations	143,527	29,879	173,406
	875,106	20,480,330	21,355,436

Transfers on conversion includes £21,197,451 relating to fixed asset land and buildings, £731,579 relating to monies held by the predecessor school and the inherited pension liability of £747,000

3 Activities for Generating Funds

	Unrestricted funds £	Restricted funds £	2011 Total funds £
Sports letting income	35,538	—	35,538
Other lettings income	17,050	—	17,050
Staff services – consultancy	3,500	—	3,500
Music services income	41,112	—	41,112
Catering income	2,909	—	2,909
	100,109	—	100,109

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

4 Investment income

	Unrestricted funds £	Restricted funds £	2011 Total funds £
Interest received	1,452	—	1,452

5 Funding for School's educational operations

	Unrestricted funds £	Restricted funds £	2011 Total funds £
DfE / YPLA revenue grant			
General Annual Grant (GAG) (note 1)	—	8,747,997	8,747,997
Other DfE / YPLA	—	38,055	38,055
Other Government grants			
Other government grants	—	20,248	20,248
	—	8,806,300	8,806,300

6 Resources expended

	Non pay expenditure			2011 Total funds £
	Staff costs £	Premises £	Other costs £	£
School's educational operations				
Direct costs	5,351,598	595,416	687,404	6,634,418
Allocated support costs	802,503	981,427	470,128	2,254,058
	6,154,101	1,576,843	1,157,532	8,888,476
Governance costs including allocated support costs	—	—	78,685	78,685
	6,154,101	1,576,843	1,236,217	8,967,161
Expenditure for the period includes				2011 funds £
Fees payable to auditor				
Audit				9,000
Other services				3,000

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

7 Charitable Activities – School's educational operations

	Unrestricted funds £	Restricted funds £	2011 Total funds £
Direct costs			
Teaching and educational support staff costs	3,058	5,348,540	5,351,598
Depreciation	—	595,416	595,416
Educational supplies	169,151	230,402	399,553
Examination fees	—	136,704	136,704
Educational consultancy	—	93,992	93,992
Other direct costs	—	57,155	57,155
	<u>172,209</u>	<u>6,462,209</u>	<u>6,634,418</u>
Allocated support costs			
Support staff costs	28,044	774,459	802,503
Recruitment and support	—	42,942	42,942
Maintenance of premises and equipment	—	409,882	409,882
Catering	8,947	119,882	128,829
Cleaning	—	272,978	272,978
Rent and Rates	—	242,791	242,791
Insurance	—	55,776	55,776
Security and transport	—	3,485	3,485
Bank interest and charges	—	685	685
FRS17 Interest cost	—	28,000	28,000
Other support costs	31,997	234,190	266,187
	<u>68,988</u>	<u>2,185,070</u>	<u>2,254,058</u>
	<u>241,197</u>	<u>8,647,279</u>	<u>8,888,476</u>

8 Governance costs

	Unrestricted funds £	Restricted funds £	2011 Total funds £
Legal and professional fees	—	66,685	66,685
Auditor's remuneration	—	9,000	9,000
Audit of financial statement	—	3,000	3,000
Other services	—	78,685	78,685

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

9 Staff costs

Staff costs during the period were

	Unrestricted funds £	Restricted funds £	2011 Total funds £
Wages and salaries	—	4,909,616	4,909,616
Social security costs	—	353,133	353,133
Pension costs	—	689,442	689,442
	—	5,952,191	5,952,191
Supply teacher costs	—	201,910	201,910
	—	6,154,101	6,154,101

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

	2011
Charitable Activities	
Teachers	70
Administration and support	63
Management	7
	140

The number of employees whose annualised emoluments fell within the following bands was

	2011 No
£60,001 - £70,000	6
£80,001 - £90,000	1
£120,001 - £130,000	1

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contributions for these staff amounted to £85,665.

10 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the School in respect of their role as governors. Five Governors were employed by the School in the period, the value of the remuneration received by these staff members while governors was £216,724.

During the period ended 31 August 2011, travel and subsistence expenses reimbursed to governors totalled £nil.

Related party transactions involving the governors are set out in note 24.

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

11 Governors' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2011 was £50,000.

12 Tangible fixed assets

	Freehold buildings £	Assets under construction £	Furniture and equipment £	Total funds £
Cost				
At 6 August 2010	—	—	—	—
Additions	126,459	106,494	89,952	322,905
Transfers on conversion	21,079,500	—	117,951	21,197,451
At 31 August 2011	21,205,959	106,494	207,903	21,520,356
Depreciation				
At 6 August 2010	—	—	—	—
Charge in period	543,030	—	52,386	595,416
At 31 August 2011	543,030	—	52,386	595,416
Net book value				
At 31 August 2011	20,662,929	106,494	155,517	20,924,940

The land on which the School is sited is leased on a 125 year lease from Dulwich Estates at a peppercorn rent. No value has been attributed to the land in the financial statements.

The freehold buildings above have been transferred into the financial statements at depreciated insurance value.

13 Debtors

	2011 Total funds £
Prepayments and accrued income	12,972
Other debtors	1,325
VAT recoverable	129,892
	144,189

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

14 Creditors: amounts falling due within one year

	2011 Total funds £
Trade creditors	270,711
Other taxation and social security	126,223
Other creditors	2,400
Accruals and deferred income	148,370
Amounts owed to the YPLA	118,207
	665,911

Deferred Income

	2011 £
Resources deferred in the year	25,009
Amounts released from previous years	—
Deferred Income as 31 August 2011	25,009

Deferred income as at 31 August 2011 relates to money received in advance for a school trip to Berlin and a deferred capital grant

15 Funds

	Balance at 6 August 2010 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2011 £
Restricted general funds					
General Annual Grant (GAG)	—	8,747,997	(8,091,500)	(317,905)	338,592
Pension reserve	—	(747,000)	(28,000)	48,000	(727,000)
Other DfE / YPLA grants	—	38,055	—	—	38,055
	—	8,039,052	(8,119,500)	(269,905)	(350,353)
Restricted fixed assets fund					
Transfer on conversion	—	21,197,451	(594,416)	—	20,603,035
Capital expenditure from GAG	—	—	—	317,905	317,905
Piano grant	—	5,000	(1,000)	—	4,000
Total restricted fixed assets funds	—	21,202,451	(595,416)	317,905	20,924,940
Other restricted					
Engagement Programme	—	9,200	—	—	9,200
Golden Hello	—	11,048	(11,048)	—	—
PE Grant	—	16,829	—	—	16,829
Garden Lottery Grant	—	8,050	—	—	8,050
Total other restricted	—	45,127	(11,048)	—	34,079
Total restricted funds	—	29,286,630	(8,725,964)	48,000	20,608,666
Unrestricted funds					
Unrestricted funds	—	1,015,143	(241,197)	—	773,946
Total unrestricted funds	—	1,015,143	(241,197)	—	773,946
Total funds	—	30,301,773	(8,967,161)	48,000	21,382,612

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2011 £'000
Fund balances at 31 August 2011 are represented by.				
Tangible fixed assets	—	—	20,924,940	20,924,940
Current assets	773,946	1,076,637	—	1,850,583
Current liabilities	—	(665,911)	—	(665,911)
Pension scheme liability	—	(727,000)	—	(727,000)
Total net assets	773,946	(316,274)	20,924,940	21,382,612

17 Reconciliation of net income to net cash inflow from operating activities

	2011 £
Net income	21,334,612
Depreciation (note 12)	595,416
Capital grants from DfE and other capital grants	(5,000)
Interest receivable (note 4)	(1,452)
FRS 17 pension finance costs (note 23)	28,000
Increase in debtors	(144,189)
Increase in creditors	665,911
Inherited FRS 17 deficit	747,000
Inherited Fixed Assets	(21,197,451)
Net cash inflow from operating activities	2,022,847

18 Returns on investment and servicing of finance

	2011 £
Interest received	1,452
Net cash inflow from returns on investment and servicing of finance	1,452

19 Capital expenditure and financial investment

	2011 £
Purchase of tangible fixed assets	(322,905)
Capital grants from DfE/YPLA	—
Capital funding received from sponsors and others	5,000
Net cash outflow from capital expenditure and financial investment	(317,905)

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

20 Management of liquid resources

	At 31 August 2011 £
Placing of deposits	731,579

21 Analysis of changes in net funds

	At 6 August 2010 £	Cashflows £	At 31 August 2011 £
Cash in hand and at bank	—	974,815	974,815

22 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 £10 for the debts and liabilities contracted before he/she ceases to be a member

23 Pension and similar obligations

The School'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, which is managed by the London Borough of Southwark Pension Fund Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

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 years 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

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

23 Pension and similar obligations (continued)

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 6 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

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

Accordingly, the School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The School has set out above the information available on the scheme and the implications for the School 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 period ended 31 August 2011 was £305,000, of which employer's contributions totalled £232,000 and employees' contributions totalled £73,000. The agreed contribution rates for future years for employers are 15.4 per cent plus a monthly lump sum payment as a deficit repayment. The agreed contribution rates for future years for employees are based on earnings and are in the range of 5.9 per cent to 7.2 per cent.

Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the governors to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.

Principal Actuarial Assumptions	At 31 August 2011
Rate of increase in salaries	5.2%
Rate of increase for pensions	2.8%
Discount rate for scheme liabilities	5.3%
Inflation assumption (CPI)	2.8%

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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	21.1
Females	25.8
<i>Retiring in 20 years</i>	
Males	22.9
Females	27.8

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

	Expected return at 31 August 2011	Fair value at 31 August 2011 £'000
Equities	7.7%	670
Government Bonds	3.7%	104
Corporate Bonds	4.8%	130
Property	7.2%	160
Cash	1.6%	23
Total market value of assets		1,087
Present value of scheme liabilities		
Funded		(1,814)
Deficit in the scheme		(727)

The actual return on scheme assets was £56,000

Amounts recognised in statement of financial activities	2011 £'000
Current service costs	232
Total operating charge	232

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	51
Interest on pension liabilities	(79)
Pension finance income / (costs)	(28)

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a gain of £48,000.

	2011 £'000
Deficit at 6 September 2010	(747)
Current service cost	(232)
Employer contributions	232
Net finance interest	(28)
Actuarial gains	48
At 31 August 2011	(727)

Movements in the present value of defined benefit obligations were as follows.	2011 £'000
At 6 September 2010	(1,476)
Current service costs	(232)
Interest costs	(79)
Employee contributions	(70)
Actuarial gains	43
At 31 August 2011	(1,814)

Movements in the fair value of School's share of scheme assets	2011 £'000
At 6 September 2010	729
Expected return on assets	51
Actuarial gains	5
Employer contributions	232
Employee contributions	70
At 31 August 2011	1,087

The estimated value of the employer contributions for the year ending 31 August 2012 is £224,000.

Notes to the Financial Statements Period from 6 August 2010 to 31 August 2011

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The experience adjustments is as follows

	2011 £'000
Present value of defined benefit obligations	(1,814)
Fair value of share of scheme assets	1,087
Deficit in the scheme	(727)
Experience adjustments on share of scheme assets Amount £'000	5
Experience adjustments on scheme liabilities Amount £'000	—

24 Related Party Transactions

Owing to the nature of the School'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 School's financial regulations and normal procurement procedures.