

**The Charter School
Educational Trust**

**Annual Report and Financial
Statements**

31 August 2014

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

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Reference and administrative information

Members¹	Elizabeth Brown Emmanuel Amadi Amanda King
Governors²	Elizabeth Brown (Chair) Emmanuel Amadi Jacqueline Brennan Sharon Gordon Christian Hicks Derek Hill Emma Hotopf Amanda King Lucie Russell Mark Sloan David Smith Paula Webb
Head Teacher	Christian Hicks
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)

^{1 2} All Governors and Members are Trustees

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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 Year to 31 August 2014

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 year to 31 August 2014. The annual report serves the purposes of both a [trustees/governors]' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 30 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 11 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 governors a year, induction is informal and is tailored specifically to the individual.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governance arrangements (continued)

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 10 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governing Body organisation

The following governors were in office at 31 August 2014 and served throughout the period except where shown.

Governor	Appointed/Resigned	Governor Type
Emmanuel Amadi (Vice Chair)	Term of office expired 23 September 2013 Reappointed 20 March 2014	Governing Body
Amanda Brown	Resigned 3 October 2013	Parent
Elizabeth Brown (Chair)		Governing Body
John Dower	Resigned 3 October 2013	Parent
Sharon Gordon		Parent
Christian Hicks	Appointed 1 September 2013	Ex-Officio
Derek Hill	Appointed 20 March 2014	Governing Body
Helen Jeffrey	Term of office expired 23 September 2013	Governing Body
Amanda King	Appointed 20 March 2014	Governing Body
Anthony Munton	Resigned 3 October 2013	Parent
Lucie Russell		Parent
Mark Sloan		Governing Body
David Smith		Staff
Shannon Sutherland	Resigned 6 June 2014	Parent
Una Tomkins	Resigned 31 October 2014	Staff
Paula Webb		Staff

In addition to the above Ms J Brennan and Mrs E Hotopf were appointed as Staff and Parent Governor respectively after the year 31 August 2014 end and before the AGM December 2014, further, Ms U Tomkins resigned from her governor post during that time.

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 Charity Commission. The School has an effective system of internal financial controls and this is explained in more detail in the Governance statement.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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.

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 year ended 31 August 2014 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, with a particular focus on the progress of the most able and of those who experience disadvantage;
- ◆ 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.

OBJECTIVES AND ACTIVITIES (continued)

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 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 Education Needs and Disability Acts 2001 and 2005, and more recently by the Special Educational Needs and Disability SEND reforms 2014.

The School has a SENCO, who provides information, advice and arranges support where necessary for students with disabilities.

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 department.

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. Noting that there will be a transition from Statements to Educational Health Care Plans (EHCs) following the 2014 reforms.

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.

Specialist programmes are described in School prospectuses, and achievements and destinations are recorded and published in the Head Teacher's reports to the Governing Body.

OBJECTIVES AND ACTIVITIES (continued)

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:

- ◆ 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 significant programme of sporting and after school arts, music and leisure activities available to all students, supported at need by the Pupil Premium;
- ◆ a programme of information, advice and guidance to ensure all pupils are well informed to make decisions about their progress;
- ◆ after school clubs to allow students to revise and extend their learning and understanding of subjects in an academic, practical and project oriented way;
- ◆ after school clubs to allow students to explore maths, science, business and technology in an academic, practical and project oriented way; and
- ◆ a careers information, advice and guidance provision to help students move on to higher education or obtain employment.

STRATEGIC REPORT

Achievements and performance

The Charter School has had another outstanding year in terms of academic results and the progress made by pupils from whatever their starting point on entry. The prior attainment of students in the school is improving year on year, but our Y11 students still made outstanding progress compared to national outcomes. That the cohort as a whole has produced results some 20 percentage points above national average in a year when there was increased 'volatility' in the exam system and the school had to adjust to new accountability measures demonstrates the effectiveness of the teaching and learning in this year group.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

A high proportion of students, 32% against the national figure of 21%, achieved A* and A grades in a wide range of subjects. 13% of pupils achieved 10 A*/As or more. The school's balanced and progressive approach to examination entry secured an increasing proportion and number of students achieving the EBACC. English results across the whole cohort of pupils were very good and outstanding in individual subjects such as Literature. Science had an exceptional year again in terms of overall attainment with 85% of students gaining two science higher grades- that is A*- C. Maths produced very good results. Modern Foreign Languages is continuing to grow in strength with 51% of students achieving at least one GCSE. Humanities are a core strength and recruit strongly at A Level. Art is outstanding at GCSE and A Level again.

The School achieved its best ever A Level results for the 7th year in a row. In a year when the highest grades declined, 64% of all grades were A*, A or B. This together with the 99.7% pass rate A* - E means that 98% of students achieved a place at their chosen University. A number of students were able to upgrade their choice as they achieved ABB, at the top of their expectations. At a time when there has been significant downward pressure on the top grades - both at C and at A* in GCSE and at E and A and A* at A Level, this achievement is a tribute to the professionalism of the teachers and the systems the school has put in place to ensure every pupil makes outstanding progress. There is continuing development led by the Secretary of State that changes the framework of examination procedures, pedagogy and way schools must present their results. In the last 3 years we have seen a number of changes that have affected pupils in the middle of examination courses. The range, speed and unpredictability of these changes have led to a great deal of uncertainty about assessment, course content and teaching practice that is unsettling for students and teachers alike.

Whilst achieving outstanding examination results, the school has also placed considerable emphasis and resource on other significant aspects of school life. There is a very high take up of music lessons. The success the school achieves in the creative and visual arts is significant. The sports provision is amongst the best in the state sector, including both competitive team games and individual competitive activities such as swimming and cycling. This is augmented by an exceptionally successful Duke of Edinburgh award scheme. There is significant and focused provision for the most able, as there is support for those who come with the lowest prior attainment. The pattern of careers advice and guidance ensuring as it does that all pupils engage with at least 6 adults external to school with whom they can discuss their aspirations, career and university choices is a distinctive feature of provision. The school has continued to develop its curriculum and co-curriculum to ensure memorable experiences for all pupils. There is now a mature offer for subjects such as Mandarin and Latin leading to GCSE in place. A Level provision is reviewed annually to meet the needs of the students enabling them to access the best universities and, increasingly, outstanding career opportunities at 18. GCSE provision is similarly strategically developed. As we have an inclusive intake a vocational offer is important to the progression of about 15% of our pupils. Now half the pupils are in the progression route established for the most able, an expansion the school anticipated when the provision was set up in 2007.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

One of the challenges going forward is the narrowing of the school performance tables to focus on the best 8 subjects only from 2016. This, coupled with the move to a reliance on terminal examinations only as an assessment method, will have the effect of narrowing the curriculum as schools seek to ensure that individual pupils do not have too many examinations to sit at one session.

Governors have continued to hold school leaders to account for all aspects of the school's management, including performance management. Senior staff and Governors have spent time working to develop strategic policy. Governors ensure the effective and efficient management of school resources including the pupil premium funding, leading to the efficient deployment of staff.

Performance Indicators

Performance Indicator	Result in %
5 A* - C including English and Maths	77
5 A* - C	83
5 A* - G including English and Maths	93
2 A* - C in Science	85
English Baccalaureate	45
3 Levels of Progress English	86
3 Levels of Progress Maths	81
Average points score	464
A Level	
A* - B	64
A* - E	99.7
AS Level	
A* - B	52
A* - E	96
Attendance	95.3

Financial Objectives

- ◆ To generate sufficient levels of income to support the asset base of the School;
- ◆ To ensure the School sets a balanced budget that provides sufficient and targeted resources to achieve the highest possible standards of educational attainment;
- ◆ To achieve an annual operating surplus;
- ◆ To use the pupil premium effectively to raise standards for all pupils in this category;
- ◆ To strengthen the School's provision in the following areas: counselling services, additional teaching in Science, Maths and Humanities;

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Financial Objectives (continued)

- ◆ To ensure there is sufficient capital expenditure to develop the School site and environment to meet the challenges of teaching and learning in the 21st century; and
- ◆ To accumulate funds for continued capital investment.

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

These objectives were achieved in the year ending 31 August 2014.

The School has a compliment of pupils of 1,196 including a Sixth Form College of 295. The school intends to increase the number of Sixth Form students to 350.

Financial review

Financial report for the year

In the year ended 31 August 2014, the Academy achieved a surplus of £69,593 (2013 - £320,381) on its unrestricted general fund and a surplus of £179,647 (2013 - deficit of £187,767) on the restricted EFA fund before transfers. After transfers between funds and recognised losses on the defined benefit pension scheme the restricted EFA fund shows a surplus of £467,342 (2013 - a deficit of £231,424). At the year end, £19,657,307 (2013 - £20,072,320) was held within restricted capital funds, £1,223,206 (2013 - £1,153,613) in unrestricted funds, a deficit of £170,605 (2013 - £637,947) within EFA funds which includes the pension liability of £733,000 (2013 - £1,140,000) and £nil (2013 - £nil) in other restricted funds.

The majority of the School's income for the year ended 31 August 2014 was obtained from the EFA in the form of a general annual grant and other grants. This income totalled £8,267,454 (2013 - £8,020,536) and represents 92% (2013 - 93%) of the total income received in the year.

During the year ended 31 August 2014, total expenditure of £9,365,577 (2013 - £9,125,155) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and gains arising on the defined benefit pension scheme) was £249,240 (2013 - £132,614).

At 31 August 2014 the net book value of fixed assets was £19,657,307 (2013 - £20,072,320) and movements in tangible fixed assets are shown in note 11 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 24.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

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.

Reserves policy

The policy of the governors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated. The governors are satisfied that the Academy's reserves are sufficient for its current purposes. In addition, the governors are looking to build up the Academy's unrestricted reserves to fund a planned sixth form building project. The decision to make an application to open a free school has meant the decision over the sixth form building project has been put on hold until a decision over the Free School application has been made. The school, however, have undertaken a master plan to determine that long term asset management plan for the next 10 years which current reserves will be used to support these priorities.

The reserves as at 31 August 2014 amounted to £20,709,908 which comprised primarily of restricted fixed asset reserves. The free reserves amounted to £1,223,206.

The Academy has a pension scheme liability of £733,000 as at 31 August 2014 which is included in the restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the governors to further the Academy's objectives. Parliament has agreed, at the request of the Secretary of State for Education, in the event of academy closure, outstanding Local Government Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase in order to reduce the liability. The Academy will always pay the employer contribution rates set by the pension scheme administrators.

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.

STRATEGIC REPORT (continued)

Financial review (continued)

Investment policy (continued)

Identify funds surplus to immediate cash requirements and transfer to The Charter School's deposit account (for the time being) bearing a higher interest rate. In June 2014 the investment policy was amended to restrict future long term deposits to not exceed £500,000 with an individual banking institution.

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 accessible 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.

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.

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 Sixth 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 Year to 31 August 2014

FUTURE ACTIVITIES AND PLANS

The main activities and plans of the School for the future 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, with a particular focus on the progress of the most able and of those who experience disadvantage;
- ◆ 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.

AUDITORS

In so far as the governors are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating a strategic report, approved by order of the members of the board of governors and signed on its behalf by:


(E BROWN)
Chair of Governors

Date: 11/12/14

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that the Charter School Educational Trust has an effective and appropriate system of control, financial and otherwise. 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 Governing Body has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Charter School Educational Trust and the Secretary of State for Education. The Head Teacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The Governing Body has formally met sixteen times during the year. It has two main sub-committees, the Development Committee and the Business Committee plus a number of smaller committees. The responsibilities delegated to the committees are clearly set out in the Terms of Reference and Scheme of Delegation which are reviewed annually. At The Charter School, all governors are members of all committees. Attendance at meetings is high and governors give of their time generously to support committee and working party meetings.

Governor	Meetings attended	Out of a possible
Elizabeth Brown (Chair)	16	16
Emmanuel Amadi (Vice Chair)	8	15
Amanda Brown	2	4
John Dower	4	4
Sharon Gordon	9	16
Christian Hicks	16	16
Derek Hill	2	4
Helen Jeffrey	3	3
Amanda King	4	4
Anthony Munton	4	4
Lucie Russell	8	16
Mark Sloan	11	16
David Smith	13	16
Shannon Sutherland	12	16
Una Tomkins	13	16
Paula Webb	12	16

Governance reviews:

Governors undertook a self-audit of the governing body in Autumn 2013 based on the National Governors Association own model and used the outcome of this to source new members. Governors agreed that this was good practice and would undertake similar reviews at the same time annually. The Governing Body agreed that it would be helpful to be part of any future school review by external agencies and to use the outcome for reflection in planning strategically including any training needs. The Headteacher would organise a review in Autumn 2014 and share the date with governors so that they could participate effectively.

The 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 on-going process designed to identify and prioritise the risks to the achievement of The Charter School's 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 at the School for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which The Charter School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an on-going process for identifying, evaluating and managing the school's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The Charter 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:

- ◆ Comprehensive budget planning and monitoring systems with an annual budget and longer term forecast which are reviewed and agreed by the Governing Body;
- ◆ Twice weekly meetings between the Finance Department and the Head Teacher to review current income & expenditure plans and a monthly review of the management accounts;
- ◆ 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;
- ◆ Clearly defined purchasing guidelines;
- ◆ Delegation of authority and segregation of duties; and
- ◆ Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed a named Responsible Officer (RO) Mr David Fitzpatrick who is an advisor to the Governing Body. The Responsible Officer testing is carried out on a termly basis by Buzzacott LLP and the reports are received by the RO and reported to the Governing Body.

The findings from the visits resulted in some recommendations being made but none were deemed to be significant.

Governance statement 31 August 2014


Review of effectiveness


As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- ♦ the work of the Responsible Officer;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self-assessment process; and
- ♦ the work of the Senior Leadership Team within the School who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Business Committee of the implications of the result of their review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by:


(E BROWN)
Chair of Governors


(CHICKS)
Head Teacher and Accounting Officer

Approved on: 11/12/14

Statement on regularity, propriety and compliance 31 August 2014

As Accounting Officer of The Charter School Educational Trust, I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.



(CHICKS)
Accounting Officer

Date: 11/12/14

Statement of governors' responsibilities 31 August 2014

The governors (who act as trustees of the School and are also the directors of the School for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law, the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the School and of its incoming resources and application of resources, including its income and expenditure, 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 Charities' Statement of Recommended Practice (the Charities' SORP);
- ♦ make judgments 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 that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the School applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the School and financial information included on the School's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors and signed on its behalf by:


(E BROWN)
Chair of Governors

Date: 11/12/14

Independent auditor's report 31 August 2014

Independent auditor's report on the financial statements to the Members of The Charter School Educational Trust

We have audited the financial statements of The Charter School Educational Trust for the year ended 31 August 2014 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 Academies Accounts Direction 2013/14 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

The governors act as trustees for the charitable activities of The Charter School Educational Trust and are also the directors of the School for the purpose of company law.

As explained more fully in the statement of governors' responsibilities, the trustees 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 School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the governors' report (including the Strategic Report) to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Independent auditor's report 31 August 2014

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

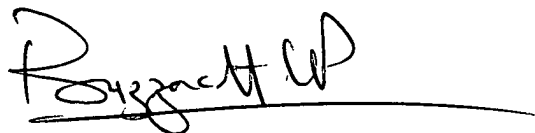
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the governor's report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Avnish Savjani, Senior Statutory Auditor
Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

16 December 2014

Independent reporting accountant's report on regularity 31 August 2014

Independent reporting accountant's assurance report on regularity to The Charter School Educational Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Charter School Educational Trust during the period from 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Charter School Educational Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Charter School Educational Trust and the EFA those matters we are required to state in a 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 Charter School Educational Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Charter School Educational Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Charter School Educational Trust's funding agreement with the Secretary of State for Education dated 1 September 2010 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

Approach (continued)

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

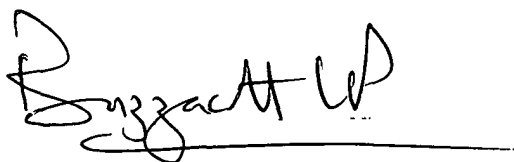
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

16 December 2014

Statement of financial activities Year to 31 August 2014
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted general fund	Restricted funds			2014 Total funds	2013 Total funds
Notes	£	£	EFA £	Other £	Fixed assets fund £	£	£
Incoming resources							
Incoming resources from generated funds							
Voluntary income	1	26,202	—	—	—	26,202	98,688
Activities for generating funds	2	324,184	—	—	—	324,184	261,057
Investment income	3	18,240	—	—	—	18,240	38,919
Incoming resources from charitable activities							
Funding for the School's educational operations	4	—	8,267,454	316,840	23,136	8,607,430	8,243,704
Other income		1,443	—	—	—	1,443	8,322
Total incoming resources		370,069	8,267,454	316,840	23,136	8,977,499	8,650,690
Resources expended							
Charitable activities							
School's educational operations	6	300,476	8,068,607	316,840	660,454	9,346,377	9,106,597
Governance costs	7	—	19,200	—	—	19,200	18,558
Total resources expended	5	300,476	8,087,807	316,840	660,454	9,365,577	9,125,155
Net (outgoing) incoming resources before transfers							
		69,593	179,647	—	(637,318)	(388,078)	(474,465)
Gross transfers between funds	14	—	(222,305)	—	222,305	—	—
Net (expenditure) income for the period							
		69,593	(42,658)	—	(415,013)	(388,078)	(474,465)
Other recognised gains and losses							
Actuarial gain (loss) on defined benefit pension scheme	22	—	510,000	—	—	510,000	63,000
Net movement in funds							
		69,593	467,342	—	(415,013)	121,922	(411,465)
Reconciliation of funds							
Fund balances brought forward at 1 September 2013		1,153,613	(637,947)	—	20,072,320	20,587,986	20,999,451
Fund balances carried forward at 31 August 2014		1,223,206	(170,605)	—	19,657,307	20,709,908	20,587,986

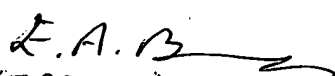
All of the School's activities derived from continuing operations during the above two financial periods.

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 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	11		19,657,307		20,072,320
Current assets					
Debtors	12	268,912		241,692	
Current asset investments		1,300,000		1,300,000	
Cash at bank and in hand		608,141		532,667	
		<u>2,177,053</u>		<u>2,074,359</u>	
Creditors: amounts falling due within one year	13	(391,452)		(418,693)	
Net current assets			<u>1,785,601</u>		<u>1,655,666</u>
Total assets less current liabilities			21,442,908		21,727,986
Net assets excluding pension scheme liability			21,442,908		21,727,986
Pension scheme liability	22		(733,000)		(1,140,000)
Net assets including pension scheme liability			<u>20,709,908</u>		<u>20,587,986</u>
Funds of the School					
Restricted funds					
. Fixed assets fund	14		19,657,307		20,072,320
. Pension Reserve	14		(733,000)		(1,140,000)
. General fund	14		562,395		502,053
. Other funds			—		—
Total restricted funds			<u>19,486,702</u>		<u>19,434,373</u>
Unrestricted funds					
. General funds	14		<u>1,223,206</u>		<u>1,153,613</u>
Total unrestricted funds			<u>1,223,206</u>		<u>1,153,613</u>
Total funds			<u>20,709,908</u>		<u>20,587,986</u>

The financial statements on page 24 to 43 were approved by the governors and are signed on their behalf by:


(E BROWN)
Chair of Governors

Date: 11/12/14

Cash flow statement Year to 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	16	279,539	469,067
Returns on investment and servicing of finance	17	18,240	38,919
Capital expenditure	18	(222,305)	(106,657)
Management of liquid resources	19	—	(563,000)
Increase (Decrease) in cash in the year	20	75,474	(161,671)
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		532,667	694,338
Net funds at 31 August 2014		608,141	532,667

Principal accounting policies Year to 31 August 2014

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 2013 to 2014 issued by the EFA 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 year 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 Year to 31 August 2014

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.

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.

All resources expended are inclusive of irrecoverable VAT.

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 Year to 31 August 2014

Tangible Fixed Assets (continued)

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

Leasehold building	over the remaining useful economic life of the building
Fixtures, fittings and equipment	20% on cost
ICT equipment	33% on cost
Motor vehicles	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. A full year of depreciation is charged on assets purchased during the year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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 Year to 31 August 2014

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 22, 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 Education Funding 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 Education Funding Agency.

Notes to the Financial Statements Year to 31 August 2014

1 Voluntary income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Other Donations	26,202	—	26,202	98,688

2 Activities for Generating Funds

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Sports letting income	41,528	—	41,528	33,523
Other lettings income	16,850	—	16,850	15,284
Staff services – consultancy	11,938	—	11,938	11,683
Music services income	46,898	—	46,898	40,364
School trip income	206,950	—	206,950	160,203
Sales of goods and services	20	—	20	—
	324,184	—	324,184	261,057

3 Investment Income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Interest received	18,240	—	18,240	38,919

4 Funding for School's educational operations

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
EFA capital grants				
· Devolved formula capital grant	—	23,136	23,136	22,714
DfE/EFA revenue grant				
· General Annual Grant (GAG) (note 1)	—	7,995,603	7,995,603	7,784,366
· Other DfE/EFA income	—	271,851	271,851	236,170
Other government grants				
· Other government grants	—	316,840	316,840	200,454
	—	8,607,430	8,607,430	8,243,704

Notes to the Financial Statements Year to 31 August 2014

5 Resources expended

	Staff costs £	Non pay expenditure		2014 Total funds £	2013 Total funds £
		Premises £	Other costs £		
School's educational operations					
. Direct costs	5,660,632	652,206	820,249	7,133,087	6,845,123
. Allocated support costs	878,295	803,840	531,155	2,213,290	2,261,474
	<u>6,538,927</u>	<u>1,456,046</u>	<u>1,351,404</u>	<u>9,346,377</u>	<u>9,106,597</u>
Governance costs including allocated support costs	—	—	19,200	19,200	18,558
	<u>6,538,927</u>	<u>1,456,046</u>	<u>1,370,604</u>	<u>9,365,577</u>	<u>9,125,155</u>
Net expenditure for the period includes:				2014 Total funds £	2013 Total funds £
Fees payable to auditor					
. Audit services				13,000	12,750
. Other services				5,050	4,550

6 Charitable Activities – School's educational operations

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Direct costs				
Teaching and educational support staff costs	31,265	5,629,367	5,660,632	5,501,610
Depreciation	—	652,206	652,206	631,740
Educational supplies	221,381	247,851	469,232	405,391
Examination fees	—	126,495	126,495	124,934
Educational consultancy	—	100,900	100,900	83,472
Other direct costs	—	123,622	123,622	97,976
	<u>252,646</u>	<u>6,880,441</u>	<u>7,133,087</u>	<u>6,845,123</u>
Allocated support costs				
Support staff costs	33,830	844,465	878,295	866,356
Recruitment and support	—	37,269	37,269	47,806
Maintenance of premises and equipment	—	373,724	373,724	344,595
ICT	—	220,641	220,641	180,033
Catering	—	82,029	82,029	91,629
Cleaning	—	159,905	159,905	209,511
Rent and Rates	7,297	202,078	209,375	228,571
Insurance	—	56,303	56,303	57,451
Security and transport	—	4,533	4,533	4,342
Bank interest and charges	—	2,626	2,626	3,784
FRS17 Interest cost	—	13,000	13,000	22,000
Other support costs	6,703	168,886	175,589	205,396
	<u>47,830</u>	<u>2,165,459</u>	<u>2,213,290</u>	<u>2,261,474</u>
	<u>300,476</u>	<u>9,045,900</u>	<u>9,346,377</u>	<u>9,106,597</u>

Notes to the Financial Statements Year to 31 August 2014

7 Governance costs

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Auditor's remuneration				
· Audit services	—	13,000	13,000	12,750
· Other services	—	5,050	5,050	4,550
Other professional fees	—	1,150	1,150	1,258
	—	19,200	19,200	18,558

8 Staff

a) Staff costs

Staff costs during the period were:

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Wages and salaries	65,095	4,998,610	5,063,705	4,990,004
Social security costs	—	375,904	375,904	358,556
Pension costs (including FRS17 charge of £90,000 (2013:charge of £92,000))	—	709,076	709,076	713,571
	65,095	6,083,590	6,148,685	6,062,131
Supply teacher costs	—	390,242	390,242	288,193
Restructuring costs	—	—	—	17,642
	65,095	6,473,832	6,538,927	6,367,966

b) Staff numbers

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

Charitable Activities	2014 No	2013 No
Teachers	76	72
Administration and support	57	58
Management	8	8
	141	138

Notes to the Financial Statements Year to 31 August 2014

8 Staff (continued)

c) Higher paid staff

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

	2014 No	2013 No
£60,001 - £70,000	5	5
£70,001 - £80,000	1	—
£80,001 - £90,000	1	1
£100,000 - £110,000	1	—
£120,001 - £130,000	—	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £82,361 (2013 - £76,715).

9 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 from the academy in respect of their role as governors. The value of governors' remuneration was as follows:

	2014 £'000	2013 £'000
C Hicks (Headteacher and governor)	100,000 - 105,000	—
D Sheppard (Headteacher and governor)	—	125,000 - 130,000
U Tomkins (Teaching staff and governor)	45,000 - 50,000	45,000 - 50,000
D Smith (Teaching staff and governor)	45,000 - 50,000	45,000 - 50,000
P Webb (Teaching staff and governor)	50,000 - 55,000	55,000 - 60,000

During the year ended 31 August 2014, travel and subsistence expenses reimbursed to governors totalled £6 (2013 - £nil), this was reimbursed to one governor.

Other related party transactions involving the trustees are set out in note 23.

10 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 premium for the year ended 31 August 2014 was £1,490 (2013 - £810).

Notes to the Financial Statements Year to 31 August 2014

11 Tangible fixed assets

	Leasehold buildings £	Furniture and equipment £	Motor vehicles £	Total funds £
Cost				
At 1 September 2013	21,591,580	329,977	—	21,921,557
Additions	57,819	160,741	26,881	245,441
Disposals	—	(41,239)	—	(41,239)
At 31 August 2014	21,649,399	449,479	26,881	22,125,759
Depreciation				
At 1 September 2013	1,648,886	200,351	—	1,849,237
Charge in period	558,781	86,705	6,720	652,206
Eliminated on disposal	—	(32,991)	—	(32,991)
At 31 August 2014	2,207,667	254,065	6,720	2,468,452
Net book value				
At 31 August 2014	19,441,732	195,414	20,161	19,657,307
At 31 August 2013	19,942,694	129,626	—	20,072,320

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 because the site is designated for educational purposes only and has no open market value.

12 Debtors

	2014 Total funds £	2013 Total funds £
Trade debtors	24,003	200
Prepayments and accrued income	92,139	179,220
Other debtors	4,919	1,852
VAT recoverable	147,851	60,420
	268,912	241,692

13 Creditors: amounts falling due within one year

	2014 Total funds £	2013 Total funds £
Trade creditors	108	71,303
Other taxation and social security	128,291	125,102
Other creditors	40,463	40,463
Accruals and deferred income	222,590	181,825
	391,452	418,693

Notes to the Financial Statements Year to 31 August 2014

13 Creditors: amounts falling due within one year (continued)

	2014 £
Deferred Income	
Deferred Income at 1 September 2013	14,050
Resources deferred in the year	14,091
Amounts released from previous years	(14,050)
Deferred Income at 31 August 2014	14,091

Deferred income as at 31 August 2014 relates to money received in advance for a school trip in the year to 31 August 2015.

14 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds					
· General Annual Grant (GAG)	502,053	7,995,603	(7,712,956)	(222,305)	562,395
· Other DfE / EFA grants	—	271,851	(271,851)	—	—
· Pension reserve	(1,140,000)	—	(103,000)	510,000	(733,000)
	(637,947)	8,267,454	(8,087,807)	287,695	(170,605)
Restricted fixed assets fund					
· Transfer on conversion	19,475,782	—	(558,282)	—	18,917,500
· Capital expenditure from GAG	548,460	—	(82,655)	222,305	688,110
· Devolved formula capital	45,044	23,136	(18,128)	—	50,052
· Other	3,034	—	(1,389)	—	1,645
Total restricted fixed assets funds	20,072,320	23,136	(660,454)	222,305	19,657,307
Other restricted					
· SEN Funding	—	258,148	(258,148)	—	—
· National College Grant	—	58,692	(58,692)	—	—
Total other restricted	—	316,840	(316,840)	—	—
Total restricted funds	19,434,373	8,607,430	(9,065,101)	510,000	19,486,702
Unrestricted funds					
· Unrestricted funds	1,153,613	370,069	(300,476)	—	1,223,206
Total unrestricted funds	1,153,613	370,069	(300,476)	—	1,233,206
Total funds	20,587,986	8,977,499	(9,365,577)	510,000	20,709,908

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

EFA revenue grant and other restricted funds

These grants relate to the School's development and operational activities.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Notes to the Financial Statements Year to 31 August 2014

14 Funds (continued)

Fixed assets fund

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds relates to fixed assets purchased using funds from the General Annual Grant.

Pension reserve

The pension reserve relates to the School's share of the assets and liabilities of the Local Government Pension Scheme.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2014 £
Fund balances at 31 August 2013 are represented by:				
Tangible fixed assets	—	—	19,657,307	19,657,307
Current assets	1,223,206	953,847	—	2,177,053
Current liabilities	—	(391,452)	—	(391,452)
Pension scheme liability	—	(733,000)	—	(733,000)
Total net assets	1,223,206	(170,605)	19,657,307	20,709,908

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

	2014 £	2013 £
Net expenditure	(388,078)	(474,465)
Depreciation (note 11)	652,206	631,740
Loss on disposal of tangible fixed assets	8,248	—
Capital grants from DfE and other capital grants	(23,136)	(24,661)
Interest receivable (note 3)	(18,240)	(38,919)
FRS 17 pension finance costs (note 22)	13,000	22,000
FRS 17 pension cost less contributions payable	90,000	92,000
(Increase)/decrease in debtors	(27,220)	306,701
Decrease in creditors	(27,241)	(45,329)
Net cash inflow (outflow) from operating activities	279,539	469,067

17 Returns on investment and servicing of finance

	2014 £	2013 £
Interest received	18,240	38,919
Net cash inflow from returns on investment and servicing of finance	18,240	38,919

Notes to the Financial Statements Year to 31 August 2014

18 Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	(245,441)	(131,318)
Capital funding received from sponsors and others	23,136	24,661
Net cash outflow from capital expenditure and financial investment	(222,305)	(106,657)

19 Management of liquid resources

	2013 £	2013 £
Increase in deposits	—	(563,000)

20 Analysis of changes in net funds

	At 1 September 2013 £	Cashflows £	At 31 August 2014 £
Cash in hand and at bank	532,667	75,474	608,141

21 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.

22 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 2012 and of the LGPS 31 March 2013.

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

22 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- ◆ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

22 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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 FRS 17 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.

22 Pension and similar obligations (continued)

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 2014 was £215,000 (2013 - £228,000), of which employer's contributions totalled £145,000 (2013 - £162,000) and employees' contributions totalled £70,000 (2013 - £66,000). 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.

Principal Actuarial Assumptions	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.6%	4.7%
Rate of increase for pensions	2.1%	2.8%
Discount rate for scheme liabilities	3.7%	4.5%
Inflation assumption (CPI)	2.1%	2.8%

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 2014	At 31 August 2013
Retiring today		
Males	21.8	21.3
Females	26.3	26.0
Retiring in 20 years		
Males	23.9	23.1
Females	28.6	28.0

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.5%	1,479	7.9%	1,215
Government Bonds	2.9%	242	3.4%	173
Corporate Bonds	3.3%	226	4.1%	190
Property	6.8%	313	7.4%	247
Cash	1.1%	22	0.9%	19
Total market value of assets		2,282		1,844
Present value of scheme liabilities				
Funded		(3,015)		(2,984)
Deficit in the scheme		(733)		(1,140)

Notes to the Financial Statements Year to 31 August 2014

22 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actual return on scheme assets was £238,000 (2013 – £195,000).

	2014 £'000	2013 £'000
Amounts recognised in statement of financial activities		
Current service costs (net of employee contributions)	235	254
Total operating charge	235	254

Analysis of pension finance costs

Expected return on pension scheme assets	128	90
Interest on pension liabilities	(141)	(112)
Pension finance costs	(13)	(22)

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 £336,000.

	2014 £'000	2013 £'000
Deficit at 1 September 2013	(1,140)	(1,089)
Current service cost	(235)	(254)
Employer contributions	145	162
Net finance interest	(13)	(22)
Actuarial gains (losses)	510	63
At 31 August 2014	(733)	(1,140)

Movements in the present value of defined benefit obligations were as follows:	2014 £'000	2013 £'000
At 1 September 2013	(2,984)	(2,513)
Current service costs	(235)	(254)
Interest costs	(141)	(112)
Employee contributions	(70)	(66)
Actuarial gains (losses)	400	(42)
Benefits paid	15	3
At 31 August 2014	(3,015)	(2,984)

Notes to the Financial Statements Year to 31 August 2014

22 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	2014 £'000	2013 £'000
Movements in the fair value of School's share of scheme assets:		
At 1 September 2013	1,844	1,424
Expected return on assets	128	90
Actuarial gains	110	105
Employer contributions	145	162
Employee contributions	70	66
Benefits paid	(15)	(3)
At 31 August 2014	2,282	1,844

The estimated value of the employer contributions for the year ending 31 August 2014 is £128,000 (2013 - £270,000).

The experience adjustments is as follows:

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(3,015)	(2,984)
Fair value of share of scheme assets	2,282	1,844
Deficit in the scheme	(733)	(1,140)
 Experience adjustments on share of scheme assets		
Amount £'000	110	105
 Experience adjustments on scheme liabilities		
Amount £'000	20	—

23 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.

There were no such transactions in the year (2013: none).