

Registered number
07359755

The Rochester Grammar School Academy Trust
(A Company Limited by Guarantee)

Report and Accounts

31 August 2011



The Rochester Grammar School Academy Trust Report and accounts Contents

	Page
Reference and administrative information	1
Report of the Governors	2
Statement of internal control	9
Statement of Governors' responsibilities	11
Independent auditors' report	12
Statement of financial activities (incorporating an income and expenditure account)	14
Balance sheet	15
Cash flow statement	16
Notes to the accounts, incorporating	
- statement of accounting policies	17
- other notes to the financial statements	20

The Rochester Grammar School Academy Trust **Reference and Administrative Details of the Academy, its Governors and Advisors**

Governors

Mr G Batty
Mrs H Britten (Staff Governor)
Mrs J Corbyn
Mrs E Crockford
Mrs D Dimmick
Mrs S Earle (Responsible Officer)
Mr S Gardner (Head teacher) *
Mr R Hill *
Canon J Kerr
Prof T Luckhurst
Mr P Martin (Chair of Governors & Chair of Finance) *
Mr P Miller
Dr S Pattnayak
Mrs C Ransom (Staff Governor)
Mrs A Savage
Ms D Shepherd (Executive Principal) *
Mr P M A Thompson (Vice Chair of Governors)

* members of the Finance Committee

Secretary

Ms J Smith

Senior management team

Executive Principal	Ms D Shepherd *
Headteacher	Mr S Gardner *
Deputy Headteacher	Mr G Bassan
Senior assistant Headteacher	Mrs K Millar
Assistant Headteacher	Mr I Macaulay
Assistant Headteacher	Mr R Coe
Business manager	Mr B Ingram *

Auditors

UHY Kent LLP
t/a UHY Hacker Young
Thames House
Roman Square
Sittingbourne
Kent ME10 4BJ

Registered office

The Rochester Grammar School
Maidstone Road
Rochester
Kent
ME1 3DY

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The Rochester Grammar School Academy Trust

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Governors' Report

The Governors present their annual report and auditors' report of the charitable company for the period ended 31 August 2011

Structure, governance and management

Constitution

The Academy Trust was incorporated on 27 August 2010 as a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of The Rochester Grammar School Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Rochester Grammar School.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up: they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' indemnities

The Academy maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Academy trust.

Details of the insurance cover are provided in note 12 to the financial statements.

Principal activities

The charitable company took over the operation of The Rochester Grammar School on the school's conversion to academy status on 1 November 2010. Since then the charitable company's principal object and activity has been to manage the school's provision of education to pupils between the ages of 11 and 19.

Method of recruitment and appointment or election of Governors

Under the terms of its Articles, the Academy Trust shall have the following Governors:

- Up to two Community Governors, appointed by the Governing Body,
- Three Parent Governors to be elected by parents of registered pupils at the Academy,
- Up to three Staff Governors,
- One Higher Education (HE) Governor,

The Rochester Grammar School Academy Trust

Registered number: 07359755

Governors' Report

- Up to six Foundation Governors, to be appointed by the Trustees of the Rochester Grammar School for Girls Charity, and
- The Executive Principal,

The members may not appoint any Governors unless the total number of Governors is less than three, in which case the members may make the appropriate appointments, in accordance with the Articles

A Governor's term of office is four years (excluding the Headteacher) but a Governor is eligible for re-election at the meeting at which they retire

Appropriate training is provided to all new Governors, as required

The Governors who were in office at 31 August 2011 and served throughout the year, except where shown, are listed on page 1

Policies and procedures adopted for the induction and training of Governors

During the year under review the Full Governing Body met three times and there were eleven committee meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year induction tends to be done informally and is tailored specifically to the individual.

Organisation structure

The organisational structure consists of three levels: the Governors, The Senior Leadership Team (including the extended Senior Leadership Team, which includes learning directors) and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team comprises the Executive Principal, the Headteacher, Deputy Headteacher, Senior Assistant Headteacher and two Assistant Headteachers, together with the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a Governor. Some spending control is devolved to members of the Middle Management Team, with limits above which a member of the Senior Leadership Team must countersign.

The Middle Management Team includes Curriculum Area Leaders, Heads of House and Lead Practitioners. Along with the Senior Management Team these managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

The Rochester Grammar School Academy Trust

Registered number: 07359755

Governors' Report

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, 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. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Connected organisations, including related parties

Rochester Grammar School for Girls Charity, is a separately registered charity, registration no. 307839. Its principal objects are the provision of items, services and facilities for the school by the making of grants to the school and individuals. This charity also owns the freehold to the school land and buildings, and leases this to the Academy Trust on a 125 year lease at an annual peppercorn rent.

There is also a Parent-Teacher Association, The Rochester Grammar School Association, also established as a separately registered charity, registration number 803801, which organises various fundraising events to provide facilities for the pupils of The Rochester Grammar School.

Objectives and Activities

Objects and aims

The principal object of the charitable company is the operation of The Rochester Grammar School to provide education for pupils of different abilities between the ages of 11 and 19.

Objective, strategies and activities

The main objectives of the Academy Trust 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 achievement of all pupils,
- to improve the effectiveness of the Academy 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,
- and some weekend activities,
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Rochester Grammar School Academy Trust

Registered number: 07359755

Governors' Report

The Academy Trust's main strategy is encompassed in its mission statement which is 'Furthering Excellence, through Support, Encouragement and Achievement' To this end the activities provided include

- tuition and learning opportunities for all students to attain appropriate academic qualifications,
- training opportunities for all staff, and especially teaching staff,
- a programme of sporting and after school leisure activities for all students,
- a system of after school clubs,
- a careers advisory service to help students obtain employment or move on to higher education

Public benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit The Governors believe that the charitable company's aims are demonstrably to the public benefit

Equal opportunities

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

Disabled persons

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the ground floor areas of the Academy Trust buildings A lift will be installed in early 2012 which will enable wheelchair access to all the main areas of the Academy Trust buildings The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities The Academy does this by adapting the physical environment, by making support resources available and through training and career development

Achievements and performance

The Governors were very pleased with the main academic achievement in the period, which can be summarised as follows

- Year 13 results (combining A level results and IB) – 76% achieved A*/B,
- International Baccalaureate average Diploma score was 36,
- Year 11 results – 70% achieved A*/A at GCSE, and
- 100% of Academy students secured five plus A* to C grades, including English and Mathematics

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust 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 Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies

The Rochester Grammar School Academy Trust

Registered number: 07359755

Governors' Report

Key financial performance indicators

The Governors consider that the following are key performance indicators for the Academy

- Percentage of income received from YPLA spent on teaching staff,
- Percentage of income received from YPLA spent on total staff costs,
- Pupils numbers (leading directly to YPLA funding level), and
- General financial stability - aim for income to match expenditure each year

The Governors have been pleased that expectations for all key performance indicators listed have been successfully met during the period

Financial review

During the period the Academy Trust inherited the assets and liabilities in hand on 1st October 2010, the date of conversion to academy status. A net donation of £17,076,240 is included within income in the Statement of Financial Activities, in accordance with the YPLA Accounts Direction. Fixed assets inherited are included in the Restricted Fixed Asset Fund, all other assets and liabilities, excluding the opening Local Government Pension Scheme position, are shown as a net donation into unrestricted funds. The opening Local Government Pension Scheme liability is shown at the foot of the Statement of Financial Activities within other recognised gains and losses.

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

During the period ended 31 August 2011, total expenditure of £4,694,693 was more than covered by recurrent grant funding from the YPLA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £388,602.

At 31 August 2011, the net book value of fixed assets was £16,792,099 and movements in tangible fixed assets are shown in note 13 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Financial and risk management objectives and policies

The Academy trust uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Academy trust's operations.

Liquidity risk - the trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested so as to maximise interest income.

Interest rate risk - the trust earns interest on cash deposits and with interest rates currently low, the directors will take appropriate action to ensure they maximise the income from these deposits.

Credit risk is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

The Rochester Grammar School Academy Trust

Registered number: 07359755

Governors' Report

Principal risks and uncertainties

The main risks that the Academy is exposed to is summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance.

Strategic and Reputational - This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for Academy service. Competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students. The school is very close to maximum capacity and this may be a real issue linked to possible increases in 6th form pupils.

Finance risk - The risk of the Academy not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation (especially for 6th form pupils) over the coming years. There are also in connection with the deficit on the Local Government Pension Scheme, although the Governors are comfortable with the current level of employer contributions the Academy is required to pay.

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial position

The Academy held fund balances at 31 August 2011 of £16,507,701.

These funds comprising restricted fixed asset funds of £16,792,099, other restricted funds of £99,388 and unrestricted funds of £325,214. There is also a pension reserve deficit of £709,000.

The only fund in deficit at 31 August 2011 is the Local Government Pension Scheme reserve. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy have been fixed for the three years from 1 April 2011.

Plans for future periods

The Governors' main plans for future periods are:

- the development of the Academy Trust to include other "Thinking Schools", and
- to submit an application for "Teaching School" status

The Rochester Grammar School Academy Trust

Registered number: 07359755

Governors' Report

Disclosure of information to auditors

In so far as the Governors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the Governors have taken all the steps 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

Auditors

The audit process will be reviewed in detail and re-appointment of the Auditors, UHY Hacker Young, will be considered following the forthcoming Annual General Meeting

This report was approved by the Governing Body on 1/12/2011 and signed on its behalf by



Mr P Martin (Chair of Governors & Chair of Finance)
Chair

The Rochester Grammar School Academy Trust

Registered number: 07359755

Statement on Internal Control

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Rochester Grammar School Academy 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 Ms D Shepherd, 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 Rochester Grammar School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust 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 Rochester Grammar School Academy Trust for the period ended 31 August 2011 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 Academy Trust 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 a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

Risk and control framework

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

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

The Rochester Grammar School Academy Trust

Registered number: 07359755

Statement on Internal Control

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 Mrs S Earle, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

During the period ended 31st August 2011 the RO function has been fully delivered in line with the requirements of the Young People's Learning Agency.

Review of effectiveness

As Accounting Officer, Ms D Shepherd 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,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

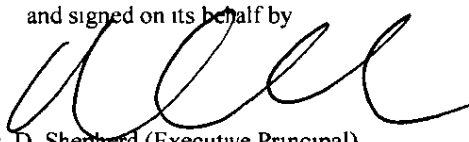
This report was approved by the Governing Body on

1/12/2011

and signed on its behalf by



Mr P Martin (Chair of Governors & Chair of Finance)
Chair



Ms D Shepherd (Executive Principal)
Accounting Officer

The Rochester Grammar School Academy Trust

Registered number: 07359755

Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of The Rochester Grammar School Academy Trust and are also the directors of the charitable company 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 Young People's Learning 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 charitable company 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 SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company 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 YPLA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 1/12/2011 and signed on its behalf by



Mr P. Martin (Chair of Governors & Chair of Finance)
Chair

The Rochester Grammar School Academy Trust
Independent auditors' report
to the shareholders of The Rochester Grammar School Academy Trust

We have audited the accounts of The Rochester Grammar School Academy Trust for the period ended 31 August 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Governors and auditors

As explained on page 11 the Governors (who act as trustees for the charitable activities of Rochester Grammar School Academy Trust and are also the directors for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company'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 accounts. 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts

- give a true and fair view of the state of the Academy's affairs as at 31 August 2011 and of its incoming resources and application of resources for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the Academies Accounts Direction issued by the Young People's Learning Agency,
- have been prepared in accordance with the requirements of the Companies Act 2006,
- the information given in the Governors' report is consistent with the financial statements.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report for the financial period for which the accounts are prepared is consistent with the accounts.

The Rochester Grammar School Academy Trust
Independent auditors' report
to the shareholders of The Rochester Grammar School Academy Trust

Opinion on other matters prescribed by the academy funding agreement with the Secretary of State for Education

In our opinion the 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 accounts 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

UHY Kent LLP

Allan Hickie BSc ACA
(Senior Statutory Auditor)
for and on behalf of
UHY Kent LLP
Accountants and Statutory Auditors

Thames House
Roman Square
Sittingbourne
Kent ME10 4BJ

15-12-2011

The Rochester Grammar School Academy Trust

Statement of Financial Activities for the period ended 31 August 2011

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2011 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
- Voluntary income	3	27,997	-	-	27,997
- Funds inherited on conversion	3	214,440	-	16,861,800	17,076,240
- Activities for generating funds	4	392,144	104,922	-	497,066
Investment income	5	1,890	-	-	1,890
<i>Incoming resources from charitable activities</i>					
- Funding for the Academy's educational operations	6	-	4,250,306	21,895	4,272,201
Total incoming resources		636,471	4,355,228	16,883,695	21,875,394
Resources expended					
<i>Cost of generating funds</i>					
- Costs of activities for generating funds	7	120,204	104,922	-	225,126
- Academy's educational operations	8	-	4,184,782	108,112	4,292,894
Governance costs	9	-	176,673	-	176,673
Total resources expended		120,204	4,466,377	108,112	4,694,693
Net incoming(outgoing) resources before transfers					
Gross transfers between funds	17	516,267 (191,053)	(111,149) 174,537	16,775,583 16,516	17,180,701 -
Net incoming(outgoing) resources before other recognised gains and losses		325,214	63,388	16,792,099	17,180,701
Deficit brought forward on LGPS defined benefit scheme					
		-	(753,000)	-	(753,000)
Actuarial (losses)gains on defined benefit pension schemes					
	22	-	80,000	-	80,000
Net movement in funds		325,214	(609,612)	16,792,099	16,507,701
Funds carried forward at 31 August 2011					
		325,214	(609,612)	16,792,099	16,507,701

The Rochester Grammar School Academy Trust
Balance Sheet as at 31 August 2011

	Notes	2011 £
Fixed assets		
Tangible assets	13	16,792,099
Current assets		
Stocks	14	2,057
Debtors	15	201,727
Cash at bank and in hand		<u>644,189</u>
		847,973
Creditors: amounts falling due within one year	16	(423,371)
Net current assets		<u>424,602</u>
Total assets less current liabilities		<u>17,216,701</u>
Net assets excluding pension liability		<u>17,216,701</u>
Provisions for liabilities		
Pension scheme liability	22	(709,000)
Net assets including pension scheme liability		<u><u>16,507,701</u></u>
Funds of the academy:		
<i>Restricted funds</i>		
- Fixed asset fund	17	16,792,099
- General Annual Grant fund	17	99,388
- Pension reserve	17	(709,000)
- Other restricted funds	17	-
Total restricted funds		<u>16,182,487</u>
<i>Unrestricted funds</i>		
- General fund		<u>325,214</u>
Total unrestricted funds		<u>325,214</u>
Total funds	17	<u><u>16,507,701</u></u>

The financial statements were approved by the Governors, and authorised for issue on 1/12/2011 and are signed on their behalf by

P.V. Martin

Mr P Martin (Chair of Governors & Chair of Finance)
 Chair

The Rochester Grammar School Academy Trust
Cash Flow Statement
for the period from 27 August 2010 to 31 August 2011

		2011 £
Reconciliation of operating profit to net cash inflow from operating activities		
Net income		17,180,701
Depreciation	13	108,112
Donated assets		(16,861,800)
Capital grants and other capital income		(21,895)
Interest receivable	5	(1,890)
FRS 17 pension cost less contributions payable		9,000
FRS 17 pension finance income		27,000
Increase in stocks		(2,057)
Increase in debtors		(201,727)
Increase in creditors		423,371
Net cash inflow from operating activities		658,815
CASH FLOW STATEMENT		
Net cash inflow from operating activities		658,815
Returns on investments and servicing of finance	20	1,890
Capital expenditure	20	(16,516)
Increase in cash		644,189
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the period		644,189
Change in net debt	21	644,189
Net funds at 27 August		-
Net funds at 31 August		644,189

The Rochester Grammar School Academy Trust **Notes to the Accounts** **for the period from 27 August 2010 to 31 August 2011**

1 Accounting policies

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:

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.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Upon becoming an academy the charitable company received a transfer of property, and other assets, at no consideration. These assets are reflected as a donation in the first year accounts of the Academy, at a figure the Governors have deemed to be the fair value of the property and assets to the Academy.

Details of the assets donated are provided in note 13 to the financial statements.

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

1 Accounting policies - continued

Resource 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 Academy Trust's educational operations
- *Governance costs* - these include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

Tangible fixed assets and depreciation

Assets costing £500 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 Academy Trust's depreciation policy.

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

Leasehold buildings	over 125 year term of the lease
Fixtures, fittings and equipment	15-25%
ICT equipment	33-33%

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.

Stocks

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

1 Accounting policies - continued

Taxation

The Academy Trust 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 Academy Trust 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.

Pension benefits

Retirement benefits to employees of the Academy Trust 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 Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust 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 27, the TPS is a multi employer scheme and the Academy Trust 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 Academy Trust 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 Academy Trust at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed 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.

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

2 General Annual Grant (GAG)	2011
	£
a. Results and carry forward for the period	
GAG allocation for current period	4,119,177
Total GAG available to spend	4,119,177
Recurrent expenditure from GAG	(4,230,326)
Fixed assets purchased from GAG	(16,516)
Other transfers to/from GAG (see note 17)	227,053
GAG carried forward to next year	99,388
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(494,301)
GAG to surrender to DfES	
(12% rule breached if result is positive)	(394,913)
	no breach

3 Voluntary income	Unrestricted Funds	Restricted Funds	Total 2011
	£	£	£
Other donations	27,997	-	27,997
Transfer of other assets on conversion	214,440	-	214,440
Fixed assets inherited on conversion	-	16,861,800	16,861,800
	<u>242,437</u>	<u>16,861,800</u>	<u>17,104,237</u>

4 Activities for generating funds	Unrestricted Funds	Restricted Funds	Total 2011
	£	£	£
School trips income	-	104,922	104,922
Catering income	144,784	-	144,784
Hire of facilities	9,053	-	9,053
Other income	238,307	-	238,307
	<u>392,144</u>	<u>104,922</u>	<u>497,066</u>

5 Investment income	Unrestricted Funds	Restricted Funds	Total 2011
	£	£	£
Short term deposits	1,890	-	1,890
	<u>1,890</u>	<u>-</u>	<u>1,890</u>

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

6 Funding for the academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
DfE/YPLA capital grant			
Devolved capital grant	-	21,895	21,895
	-	21,895	21,895
DfE/YPLA revenue grants			
General Annual Grant (GAG) (note 2)	-	4,119,177	4,119,177
	-	4,119,177	4,119,177
Other Government grants			
Other government grants	-	35,200	35,200
School Standards Funds	-	95,929	95,929
	-	131,129	131,129
	-	4,272,201	4,272,201

7 Resources expended

	Staff Costs (£)	Non Pay Expenditure Premises (£)	Other Costs (£)	Total 2011 £
Costs of activities for generating funds	13,888	15,423	195,815	225,126
Academy's educational operations				
- Direct costs	3,024,363	102,706	241,533	3,368,602
- Allocated support costs	398,687	191,838	333,767	924,292
	3,423,050	294,544	575,300	4,292,894
Governance costs including allocated support costs				
- 30% allocation of clerical staff costs	83,330	-	-	83,330
- 5% allocation of occupancy costs	-	15,423	-	15,423
- legal, professional and audit costs	-	-	77,920	77,920
	83,330	15,423	77,920	176,673
	3,520,268	325,390	849,035	4,694,693

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

8 Charitable activities - academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
<i>Direct costs</i>			
Teaching and educational support			
staff costs	-	3,024,363	3,024,363
Depreciation	-	102,706	102,706
Books, apparatus and stationery	-	66,643	66,643
Examination fees	-	122,787	122,787
Staff development	-	16,001	16,001
Other direct costs	-	36,102	36,102
	<u>-</u>	<u>3,368,602</u>	<u>3,368,602</u>
<i>Allocated support costs</i>			
Support staff costs	-	371,687	371,687
Depreciation	-	5,406	5,406
Recruitment and support	-	24,582	24,582
Maintenance of premises and equipment	-	117,557	117,557
Cleaning	-	4,390	4,390
Rent and rates	-	26,657	26,657
Heat and light	-	60,327	60,327
Insurance	-	34,602	34,602
Transport	-	6,260	6,260
Technology costs	-	91,974	91,974
Bank interest and charges	-	2,213	2,213
Defined benefit pension scheme finance costs	-	27,000	27,000
Other support costs	-	151,637	151,637
	<u>-</u>	<u>924,292</u>	<u>924,292</u>
	<u>-</u>	<u>4,292,894</u>	<u>4,292,894</u>

9 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
Legal and professional fees	-	69,170	69,170
Auditor's remuneration			
- audit of financial statements	-	8,750	8,750
Support costs	-	98,753	98,753
	<u>-</u>	<u>176,673</u>	<u>176,673</u>

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

10 Staff costs

Staff costs comprise during the period were	2011
	£
Wages and salaries	2,963,189
Social security costs	106,266
Pension costs	412,272
	<u>3,481,727</u>
Supply teacher costs	11,541
	<u><u>3,493,268</u></u>

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2011 expressed as full time equivalents was as follows

	2011
	Number
Teachers	66
Administration and support	38
Management	7
	<u><u>111</u></u>

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

	2011
	Number
£60,001 - £70,000	1
£70,001 - £80,000	1
£100,001 - £110 000	<u><u>1</u></u>

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 £23.633

11 Governors' remuneration

The Executive 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 the Executive Principal's remuneration was £105,097 in the period. The value of other Staff Governors' remuneration, excluding the Executive Principal, was £141,323.

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

12 Governors and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2011 was £5,715.

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

13 Tangible fixed assets

	Land and buildings £	Furniture & equipment £	Computer equipment & software £	Total £
Cost				
Additions	16,859,675	11,800	28,736	16,900,211
At 31 August 2011	<u>16,859,675</u>	<u>11,800</u>	<u>28,736</u>	<u>16,900,211</u>
Depreciation				
Charge for the period	105,689	1,625	798	108,112
At 31 August 2011	<u>105,689</u>	<u>1,625</u>	<u>798</u>	<u>108,112</u>
Net book value				
At 31 August 2011	<u>16,753,986</u>	<u>10,175</u>	<u>27,938</u>	<u>16,792,099</u>

On conversion to academy status the Academy Trust inherited the long term leasehold interest in the school land and buildings from the Local Authority. The freehold is owned by a related charity, the Rochester Grammar School for Girls Charity, registration number 307839. The risks and rewards of ownership having transferred to the Academy Trust, the land and buildings are included as a gift in kind for the period at their gross value to the academy as at 1 November 2010, estimated by the Governors to be the reinstatement costs for insurance purposes. Buildings to the value of £15,580,000 are included in fixed asset additions on this basis. The Academy Trust also inherited the freehold interest in the school playing fields, and this land is included as a gift in kind at £1,000,000, being the Governors' estimate of its gross value to the academy as at 1 November 2010.

Other assets donated on conversion are shown within furniture, plant and equipment and computer equipment and software, and have been included at a total value of £11,800 based on the Governors estimate of their gross value to the Academy Trust.

14 Stocks	2011
	£
Catering	<u>2,057</u>
15 Debtors	2011
	£
Other debtors	70,677
Prepayments and accrued income	<u>131,050</u>
	<u>201,727</u>
16 Creditors' amounts falling due within one year	2011
	£
Trade creditors	88,796
Other taxes and social security costs	83,711
Other creditors	63,714
Accruals and deferred income	<u>187,150</u>
	<u>423,371</u>

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

16 Creditors, amounts falling due within one year - continued

Deferred income

Resources deferred in the period	140,988
Deferred income at 31 August 2011	<u>140,988</u>

The deferred income above relates to income received for trips to take place in the 2011/12 academic year of £80,878, grant money received in advance for capital projects of £31,622 and revenue of £28,488 not yet expended in respect of the Rochester/Walderslade partnership funding

17 Funds

	Incoming Resources	Resources Expended	Gains, losses & transfers	Balance at 31 August 2011
Restricted general funds				
General Annual Grant (GAG) (note (i))	4,119,177	(4,230,326)	210,537	99,388
Other government grants (note (ii))	131,129	(131,129)	-	-
Pension Reserve (note (iii))	-	-	(709,000)	(709,000)
School trips	104,922	(104,922)	-	-
	<u>4,355,228</u>	<u>(4,466,377)</u>	<u>(498,463)</u>	<u>(609,612)</u>
Restricted fixed asset funds (note (iv))				
DfE/YPLA capital grants	21,895	(5,474)	-	16,421
Donated asset fund	16,861,800	(99,335)	-	16,762,465
Capital expenditure from GAG	-	(3,303)	16,516	13,213
	<u>16,883,695</u>	<u>(108,112)</u>	<u>16,516</u>	<u>16,792,099</u>
Total restricted funds	<u>21,238,923</u>	<u>(4,574,489)</u>	<u>(481,947)</u>	<u>16,182,487</u>
Unrestricted funds				
Unrestricted funds	636,471	(120,204)	(191,053)	325,214
Total unrestricted funds	<u>636,471</u>	<u>(120,204)</u>	<u>(191,053)</u>	<u>325,214</u>
Total funds	<u>21,875,394</u>	<u>(4,694,693)</u>	<u>(673,000)</u>	<u>16,507,701</u>

Notes

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

(ii) The other government grants fund is used to track grants provided by government departments and includes the Schools Standard Funds.

(iii) The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

(iv) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the restricted general fund to the restricted fixed asset fund of £16,516 represents the total capital expenditure from the General Annual Grant (GAG) during the period.

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

18 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total
	£	£	£	£
Tangible fixed assets	-	-	16,792,099	16,792,099
Current assets	325,214	522,759	-	847,973
Current liabilities	-	(423,371)	-	(423,371)
Pension scheme liability	-	(709,000)	-	(709,000)
	<u>325,214</u>	<u>(609,612)</u>	<u>16,792,099</u>	<u>16,507,701</u>

19 Other financial commitments

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

	Land and buildings 2011	Other 2011	Total 2011
	£	£	£
Operating leases which expire within two to five years	-	78,126	78,126
	<u>-</u>	<u>78,126</u>	<u>78,126</u>

20 Gross cash flows

Returns on investments and servicing of finance
Interest received

2011
£

1,890

Capital expenditure

Payments to acquire tangible fixed assets
Capital grants from DfE/YPLA

(38,411)

21,895

(16,516)

21 Analysis of changes in net funds

	At 27 Aug 2010	Cash flows	Non-cash changes	At 31 Aug 2011
	£	£	£	£
Cash at bank and in hand	-	644,189	-	644,189
Total	<u>-</u>	<u>644,189</u>	<u>-</u>	<u>644,189</u>

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

22 Pensions and similar obligations

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Kent County Council 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 (TPS)

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

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 valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
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Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1% 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 multiemployer 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 and the implications for the Academy in terms of the anticipated contribution rates

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

22 Pensions 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 period ended 31 August 2011 was £129,000 of which employer's contributions totalled £100,000 and employees' contributions totalled £29,000. The agreed contribution rates for future years are 21.3 per cent for employers and between 5.5 and 7.5 per cent for employees.

The major assumptions used by the actuary were

	At 31 August 2011
Rate of increase in salaries	4.9%
Rate of increase in pensions in payment/inflation	2.6%
Discount rate for scheme liabilities	5.4%
Inflation assumption (CPI)	2.6%

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	19.8
Females	23.9
<i>Retiring in 20 years</i>	
Males	21.9
Females	25.8

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis indicates the impact of a small change in either the discount rate or mortality assumptions.

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
- Present value of total obligation	1,262,000	1,297,000	1,333,000
- Projected service cost	108,000	112,000	116,000
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
- Present value of total obligation	1,249,000	1,297,000	1,346,000
- Projected service cost	107,000	112,000	118,000

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

22 Pensions and similar obligations - continued

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

	Expected returns at 31 August 2011	Fair value at 31 August 2011 £
Equities	6.9%	429,000
Gifts	3.8%	6,000
Bonds	5.4%	82,000
Properties	4.9%	53,000
Cash	3.0%	18,000
Total market value of assets		588,000
Present value of scheme liabilities		(1,297,000)
Deficit in the scheme		(709,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £8,000.

Amounts recognised in the statement of financial activities

	2011 £
Current service cost (net of employee contributions)	101,000
Losses on curtailments and settlements	8,000
Total operating charge	109,000
Analysis of pension finance income (costs)	
Expected return on employer's share of scheme assets	28,000
Interest on pension liabilities	(55,000)
Pension finance income (costs)	(27,000)

The actuarial gains and losses for the current period are recognised in the statement of financial activities.

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

22 Pensions and similar obligations - continued

Movements in the present value of defined benefit obligations were as follows.

	2011
	£
Opening defined benefit obligation	1,213,000
Movement in period	
Current service cost	101,000
Interest cost	55,000
Employee contributions	29,000
Actuarial gain	(101,000)
Benefits paid	(8,000)
Curtailments and settlements	8,000

At 31 August 2011	<u><u>1,297,000</u></u>
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Movements in the fair value of academy's share of scheme assets

	2011
	£
Opening fair value of scheme assets	460,000
Expected return on assets	28,000
Actuarial loss	(21,000)
Employer contributions	100,000
Employee contributions	29,000
Benefits paid	(8,000)

At 31 August 2011	<u><u>588,000</u></u>
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The estimated value of employer contributions for the period ended 31 August 2012 is £115,000

History of experience adjustments

	2011
	£
Present value of defined benefit obligations	(1,297,000)
Fair value of share of scheme assets	588,000
Deficit in the scheme	<u><u>(709,000)</u></u>
Experience adjustments on share of scheme assets	
- Amount (£)	<u><u>(21,000)</u></u>
Experience adjustments on scheme liabilities	
- Amount (£)	<u><u>-</u></u>

The Rochester Grammar School Academy Trust
Notes to the Accounts
for the period from 27 August 2010 to 31 August 2011

23 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

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

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

24 Related parties

No transactions were undertaken with the Governors, or any businesses in which the Governors have business interests, during the period

The Academy Trust leases the school land and buildings from a related charity, Rochester Grammar School for Girls Charity, registration number 307839, at an annual peppercorn rent

25 Ultimate controlling party

The Academy is run by the management team on a day to day basis. Strategic decisions are made by the Board of Governors. There is no ultimate controlling party.