

Company number 07365778



MIDSOMER NORTON SCHOOLS PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 AUGUST 2012

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COMPANIES HOUSE

## **Midsomer Norton Schools Partnership**

### **GOVERNORS' ANNUAL REPORT for the year ended 31 August 2012**

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The Governors present their annual report and financial statements of the Midsomer Norton Schools Partnership Ltd for the year ended 31 August 2012

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

The Governors, who are also trustees of the charity and the directors of the company, have held office since 1 September 2011, as follows

|                    |  |
|--------------------|--|
| Peter Beaven       | <b>Headteacher of Midsomer Norton Schools Partnership &amp; Accounting Officer (retired 31/8/12)</b> |
| Sarah Baldwin      | <b>Community Governor</b>  |
| Ken Bowen-Jones    | <b>Parent Governor (appointed 28/12/2011)</b>  |
| Chris Brace        | <b>Parent Governor</b>   |
| Robert Brewer      | <b>Community Governor</b>  |
| Philip Clements    | <b>Staff Governor (terminated 12/07/2012)</b>  |
| Steve Cox          | <b>Staff Governor</b>  |
| Sarah Crispin      | <b>Staff Governor</b>  |
| Chris Elstob       | <b>Staff Governor (appointed 13/07/2012)</b>   |
| Michael Evans      | <b>LA Governor</b>   |
| Harry Hughes       | <b>Parent Governor</b>   |
| Tom Hockaday       | <b>Staff Governor (appointed 20/10/2011)</b>   |
| John Mander        | <b>Parent Governor</b>   |
| Simon Mills        | <b>Parent Governor</b>   |
| Robin Nash         | <b>Parent Governor</b>   |
| Amanda Perrott     | <b>Staff Governor</b>  |
| Jeni Randles       | <b>Community Governor</b>  |
| Andrew Sinden      | <b>Community Governor</b>  |
| Tonia Lovell       | <b>Parent Governor</b>   |
| Tanya Sykes        | <b>Community Governor</b>  |
| Stuart Warrener    | <b>Parent Governor (Chair)</b>   |
| Philip West        | <b>Community Governor</b>  |
| Carolyn Williamson | <b>Parent Governor (retired 31/08/2012)</b>  |

Alun Williams was appointed Headteacher and Accounting Officer with effect from 1 September 2012. Alun was formerly Headteacher at Brimsham Green School in Yate

**GOVERNORS' ANNUAL REPORT  
for the year ended 31 August 2012**

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The principal address of the charity and the registered office of the company are the premises of Norton Hill School at Charlton Road, Midsomer Norton, Radstock, BA3 4AD

Midsomer Norton Schools Partnership is an exempt charity that is not therefore required to register with the Charity Commission, and the company is incorporated with the company registration number 07365778

The trustees have made the following professional appointments

|           |   |
|-----------|---|
| Solicitor | Stone King LLP, 13 Queen Square, Bath, BA1 2HJ  |
| Auditor   | Baker Tilly UK Audit LLP Chartered Accountants, Springpark House, Basing View, Basingstoke, Hampshire, RG21 4HG |
| Banker    | Nat West Bank, 3 High Street, Midsomer Norton, BA3 2ZY  |

In addition to the Headteacher, the following other key senior members of staff are responsible for the day-to-day management of the partnership

|                 |                                     |
|-----------------|-------------------------------------|
| Alison Wyatt    | Bursar                              |
| Mark Kenny      | Deputy Head (Somervale)             |
| Mark Thompson   | Deputy Head (Norton Hill)           |
| Heather Mulgrew | Deputy Head (Norton Hill)           |
| Cathie Evans    | Assistant Headteacher (Somervale)   |
| Gordon Green    | Assistant Headteacher (Norton Hill) |
| Keith Howard    | Assistant Headteacher (Somervale)   |
| Mark Lynch      | Assistant Headteacher (Norton Hill) |
| Amy McGuinness  | Assistant Headteacher (Somervale)   |
| Darren Phillips | Assistant Headteacher (Norton Hill) |
| Karen Ward      | Assistant Headteacher (Norton Hill) |

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Status & History**

The Partnership is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £1 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

The current members of the partnership are the Directors of the Company.

The principal activity of the Partnership is currently to run two secondary schools for boys and girls who live in Midsomer Norton and surrounding villages.

The schools were originally operated within the local authority of Bath and North East Somerset. Norton Hill School was founded in 1911 and Somervale in 1964. The Partnership was incorporated on 3 September 2010 and the schools converted to the status of Academies on 1 October 2010.

The Partnership is governed by the rules and regulations set down in its company Articles of Association dated 3 September 2010.

### **Organisational Structure**

The Governors have responsibility for setting and monitoring the overall strategic direction of the partnership, approving decisions reserved to Governors and being involved in appointing key members of staff.

The Governors meet as a board six times each year. All decisions reserved to the Governors are taken by the board as a whole. Board committees meet six times each year to consider detailed matters and recommend decisions to the full board.

There are three such committees:

- Finance
- Education
- Premises

Additionally, working groups with clear Terms of Reference are formed on an ad hoc basis to consider specific issues and make recommendations to the board.

Richard Denning (of Bath & North East Somerset Council) is the Responsible Officer and as such has an oversight role in relation to the systems and processes of control and risk management that operate throughout the Partnership.

The Headteacher is the Accounting Officer and works closely with Governors and the senior staff of the Partnership.

The day-to-day management rests with the Headteacher who has overall responsibility for the partnership. The Headteacher is responsible for establishing a senior management team, including the Bursar and the Senior Leadership Teams.

The Governors set strategic objectives and educational targets for the partnership with some of these functions delegated to sub-committees. While these committees may make recommendations, the responsibility for these decisions rests with the Partnership. The Partnership has one Governing Body and one Headteacher who are responsible for the two schools within the Partnership.

The Senior Leadership Team at each of the two schools are responsible for the day to day operations and in particular for organising the teaching staff, facilities and students

#### **Method of Recruitment, Appointment, Election, Induction & Training of Governors**

The Governors have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New Governors will then be sought with these skills, either as additional Governors or replacements when existing Governors stand down. It is anticipated that the great majority of new Governors will be drawn from the local community being either parents or guardians of pupils at the partnership or others that have shown an interest in the future well-being of the partnership and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communications to those within the local community.

Individual Governors attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date.

#### **Risk & Corporate Governance Matters**

The Partnership has been through a process to assess various risks and to identify and implement strategies for addressing these risks. This process identified various risk categories and their potential operational and financial impact, the probability of such occurrences and hence the overall gross risk. The Governors have identified clear mechanisms to manage these risks in particular those relating to the specific teaching, provision of facilities and other operational areas of the Partnership and its finances. Appropriate and adequate insurance cover is in place as well as an effective system of internal financial controls.

#### **Governors' Responsibilities in the Preparation of Financial Statements**

The Governors (who are also the trustees and directors of Midsomer Norton Schools Partnership for the purposes of charity and company law) are responsible for preparing the Governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the partnership as at the balance sheet date, and of the incoming resources and application of resources, including income and expenditure, for that period. In preparing those 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 UK 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 partnership will continue in business.

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

**GOVERNORS' ANNUAL REPORT  
for the year ended 31 August 2012**

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

**OBJECTIVES AND ACTIVITIES**

**Charitable Objectives**

The charitable objectives for which the Partnership was established are set down in the governing document as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and
- To promote for the benefit of the residents of Midsomer Norton and the surrounding area the provision of facilities, for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare, and with the object of improving the condition of life of the said residents.

**Charitable Activities**

The principal activity of the Partnership is currently to run two secondary schools for boys and girls located in Midsomer Norton. The sole activity of the partnership is the operation of the Academies. The Partnership currently operates two academies – Norton Hill and Somervale School.

**Indicators, Milestones & Benchmarks**

The following indicators are used at key milestones in pupils' education: these will be benchmarked against Fischer Family Trust D estimates to compare the schools to the middle of the top quartile of performance nationally.

**At Key Stage 3**

- % Level 5 and above in English
- % Level 5 and above in Mathematics
- % Level 6 and above in English
- % Level 6 and above in Mathematics

**Attainment at GCSE**

- % achieving 5+ GCSEs at grade A\* - C (or equivalent) including English and Maths GCSEs
- % achieving the English Baccalaureate
- % achieving A\*-C GCSE in English and Maths
- Average total point score per pupil (best eight qualifications) with equivalences
- Average total point score per pupil (best eight qualifications) without equivalences
- % of pupils at the end of KS4 achieving 5 A\* - C GCSEs (or equivalent) including English and Maths over the last 3 years

**GOVERNORS' ANNUAL REPORT  
for the year ended 31 August 2012**

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**Progress from Year 7 to Year 11**

- % of pupils at the end of Key Stage 4 achieving the expected level of progress in English
- % of pupils at the end of Key Stage 4 achieving the expected level of progress in Maths

**Post 16**

- Average point score per student
- Average point score per examination entry
- % of students achieving 3 or more A levels or the equivalent
- % of students achieving 2 or more A levels or the equivalent
- Average point score per student over the last 3 years
- Average point score per examination entry over the last 3 years

**Public Benefit**

The Governors have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Governors' annual report and in reviewing the activities and achievements of the Partnership

**Benefits & Beneficiaries**

In accordance with its charitable objectives, the partnership strives to advance the education of the pupils attending the school. The partnership's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the Partnership.

**Governors' Assessment of Public Benefit**

In order to determine whether or not the partnership has fulfilled its charitable objectives for public benefit, the Governors gather evidence of the success of Midsomer Norton Schools Partnership's activities.

**Relationships with Related Parties**

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

**ACHIEVEMENTS AND PERFORMANCE**

**Review of Activities & Events**

The Partnership between Norton Hill and Somervale is now three years old and our original purpose of ensuring ALL the young people in our community have similar opportunities is being realised.

The Partnership has a philosophy based on

*Inspirational Education* - Academic excellence and ambition for all students, a broad and balanced curriculum, inspirational teaching, valued qualifications

**GOVERNORS' ANNUAL REPORT  
for the year ended 31 August 2012**

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*A Strong Ethos - The development of the personal and social qualities needed to get on, traditional values of courtesy and good manners*

*Two Schools, One Vision - Two excellent schools of similar quality but with different strengths - providing parents with a real choice*

The Partnership is committed to examination courses which benefit the students, so they secure the employment and places at an appropriate University

**Impact of Activities & Events and Assessment of Public Benefit**

At Somervale School high standards of academic success were again evident this year with almost every student achieving at least one C grade or equivalent in year 11 Maths outcomes exceeded the national average again and Science results improved significantly. There were many outstanding results from individual pupils, with a number achieving 9 or more grades A or A\*. Once again the English Baccalaureate (top passes in English, Mathematics, Humanities, Science and Languages) improved and is now at the national average.

At Norton Hill it was another year of stunning successes for all ages. At GCSE close to 100% of students achieved at least one C grade or above in their examinations with nearly 70% achieving a C or above in Maths. Over 80% achieved 5 or more good passes with some subjects securing a 100% pass rate, while the majority of the curriculum areas saw results close to the challenging targets set. 31% of year 11 achieved Cs or above in the EBAC combination of subjects which is twice the national average and again reflects both the challenging nature of our curriculum as well as the high standards expected from all our students.

For the Sixth Form, at A' level, every student who applied to university achieved the grades necessary to be accepted and all other students have entered employment with training or gone on to FE College. This is extremely impressive as nationally, the drop-out rate at post 16 is high. Students doing academic A' levels achieved the equivalent of 3 B grades while nearly 70% of those taking the prestigious Cambridge Pre U qualifications achieved A\*-B, approximately 20% above the national average.

Attendance figures at both schools are excellent, Somervale 94.7% and Norton Hill 94.6% against a national average of 93.5%.

An impressive number of students participated in Outdoor Education this year - approximately 400 pupils encompassing Duke of Edinburgh Bronze, Silver and Gold, and Ten Tors 35, 45 and 55 mile expeditions.

In addition, all of Year 8 at Norton Hill (255 pupils) attended the Forest of Dean camp. There was also the opportunity to participate in a wide variety of other extracurricular experiences from theatre trips to overseas residential trips at both schools.

**FINANCIAL REVIEW**

**Financial Outcome of Activities & Events**

The Partnership's accounting period is from 1 September 2011 to 31 August 2012.

Most of the Partnership's income is obtained from the Education Funding Authority ("EFA") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2012, and the associated expenditure, are shown as restricted funds in the statement of financial activities.



**GOVERNORS' ANNUAL REPORT  
for the year ended 31 August 2012**

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The Partnership also received grants for fixed assets from the Partnerships for Schools and via the Local Authority. Such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. Unrestricted income comprises Catering Income, Sports Centre and Other Lettings and Departmental sales.

Under Accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, provided to support staff, to the restricted fund. This resulted in reducing the reserves in the restricted fund. It should be noted that this does not present the Partnership with any current liquidity problem.

General Annual Grant (GAG) to carry forward for the year ended 31 August 2012 is £784,195. Of this a maximum of £203,474 can be spent on recurrent expenditure and the balance of £580,721 can be used for capital purposes.

Norton Hill has been successful with a capital bid to the EFA to fund a 10 classroom block to replace temporary classrooms. The demolition of temporary classrooms occurred over the summer holiday 2012. The project is due for completion by June 2013. The project cost is projected to be £1.25m and the school has received £310k of S106 funding from a local housing development.

**Reserves Policy**

The Governors' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The Governors intend to review the reserves policy annually to ensure that this aim is being achieved.

At the balance sheet date, the partnership had free reserves of £127,158.

The Governors intend to utilise these reserves in the near future to improve the infrastructure of the school's premises that were inherited from the local authority.

**Investments Policy**

The Governors' investment powers are set down in the Partnership's Memorandum and Articles of Association, which permit the investment of monies of the Partnership that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The partnership's current policy is to invest surplus funds in short-term cash deposits.

For the year ended 31 August 2012 and in the current economic climate, the partnership's cash held in the interest bearing account generated an income of 0.5%. During the period funds were also held in 6 month

Fixed Rate Bonds generating income at 1.5%, 1.6% and 1.8% and 12 month Fixed Rate Bonds generating income at 3% and 3.25%.

## **PLANS FOR FUTURE PERIODS**

### **Future Strategy**

The strategic vision for Midsomer Norton Schools Partnership is for the best education possible across the two schools, both in terms of Academic rigour and Personal and Social qualities

An inspirational education will be provided supported by a broad curriculum, valued qualifications and inspirational teaching. Personal and social qualities will be developed backed by a strong ethos, emphasis on curriculum and an extensive extra-curricular programme

The two schools will offer the same quality with different strengths

### **Future Activities & Events**

The results at both Sixth Forms in the Partnership provide a solid platform for the Sixth Form which came into being in September 2011. The Midsomer Norton Sixth Form – based across Norton Hill and Somervale sites provides a huge range of courses and opportunities for the young people of our town. Clearly, from this platform they will gain access to the very best opportunities across the country

### **Impact of Future Activities & Events**

Targets set for 2013 are as follows

|   | <b>Norton Hill</b> | <b>Somervale</b> |
|---|--------------------|------------------|
| <b>Key Stage 4</b>  |                    |                  |
| % achieving 5 or more A* - C grades at GCSE and equivalent, including English & Maths | 74%                | 60%              |
| % making expected progress in English   | 85%                | 75%              |
| % making expected progress in Maths   | 78%                | 67%              |
| English Baccalaureate   | 60%                | 53%              |
| Attendance  | 94%                | 94%              |
| <b>Post 16 Targets (Sixth Form)</b>   |                    |                  |
| Average Total Point Score per student (UCAS points)                                   | 320                | 290              |
| Average Point Score per entry   | 87                 | 78               |

### **Public Benefit**

It is the objective of the Partnership to continue its work to provide the best education possible for students of the Partnership both in terms of Academic rigour and personal and social qualities

## **FUNDS HELD AS CUSTODIAN**

Although the partnership maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose, the Partnership does not hold, and the Governors do not anticipate that it will in the future hold, any funds as custodian for any third party

**GOVERNORS' ANNUAL REPORT  
for the year ended 31 August 2012**

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**Auditor**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

**Statement as to Disclosure of Information to the Auditor**

In so far as the Governors are aware

- there is no relevant audit information of which the partnership'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

This report was approved by the board of Governors on 12 December 2012, and was signed for and on behalf of the board by



**Mr Stuart Warrener  
Chair of Governors**

**GOVERNANCE STATEMENT  
for the year ended 31 August 2012**

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**Scope of responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that Midsomer Norton Schools Partnership 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 Alun Williams from 1 September 2012, 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 Midsomer Norton Schools Partnership 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 on-going process designed to identify and prioritise the risks to the achievement of the Partnership'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 in Midsomer Norton Schools Partnership for the year ended 31 August 2012 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 Partnership 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 on-going process for identifying, evaluating and managing the Partnership's significant risks that has been in place for the year ending 31 August 2012 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 Partnership's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing guidelines
- delegation of authority and segregation of duties,
- 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 Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Partnership's financial systems. Three times per year 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.

**GOVERNANCE STATEMENT**  
**for the year ended 31 August 2012**

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**Review of effectiveness**

As Accounting Officer, Alun Williams 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 Partnership 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.

**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 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

| <b>Governor</b>    |                    | <b>Meetings attended</b> | <b>Out of possible</b> |
|--------------------|--------------------|--------------------------|------------------------|
| Peter Beaven       | Headteacher        | 6                        | 6                      |
| Sarah Baldwin      | Community Governor | 6                        | 6                      |
| Ken Bowen-Jones    | Parent Governor    | 4                        | 4                      |
| Chris Brace        | Parent             | 4                        | 6                      |
| Robert Brewer      | Community Governor | 6                        | 6                      |
| Philip Clements    | Staff Governor     | 2                        | 6                      |
| Steve Cox          | Staff Governor     | 5                        | 6                      |
| Sarah Crispin      | Staff Governor     | 6                        | 6                      |
| Chris Elstob       | Staff Governor     | 0                        | 1                      |
| Michael Evans      | LA Governor        | 4                        | 6                      |
| Harry Hughes       | Parent Governor    | 4                        | 6                      |
| Tom Hockaday       | Staff Governor     | 6                        | 6                      |
| John Mander        | Parent Governor    | 6                        | 6                      |
| Simon Mills        | Parent Governor    | 6                        | 6                      |
| Robin Nash         | Parent Governor    | 4                        | 6                      |
| Amanda Perrott     | Staff Governor     | 5                        | 6                      |
| Jeni Randles       | Community Governor | 5                        | 6                      |
| Andrew Sinden      | Community Governor | 6                        | 6                      |
| Tonia Lovell       | Parent Governor    | 6                        | 6                      |
| Tanya Sykes        | Community Governor | 6                        | 6                      |
| Stuart Warrener    | Parent Governor    | 5                        | 6                      |
| Philip West        | Community Governor | 6                        | 6                      |
| Carolyn Williamson | Parent Governor    | 6                        | 6                      |

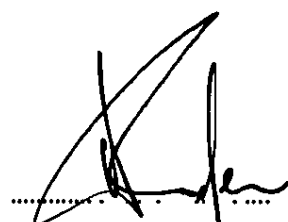
**GOVERNANCE STATEMENT**  
**for the year ended 31 August 2012**

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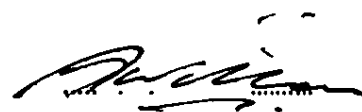
The finance committee is a sub-committee of the main governing body

| <b>Governor</b>    | <b>Meetings attended</b> | <b>Out of possible</b> |
|--------------------|--------------------------|------------------------|
| Peter Beaven       | 6                        | 6                      |
| Tonia Lovell       | 3                        | 6                      |
| Simon Mills        | 6                        | 6                      |
| Andrew Sinden      | 6                        | 6                      |
| Stuart Warrener    | 6                        | 6                      |
| Philip West        | 0                        | 1                      |
| Carolyn Williamson | 6                        | 6                      |

Approved by order of the members of the Governing Body on 12 December 2012 and signed on its behalf by



**Mr Andrew Sinden**  
**Chair of Finance Committee**



**Mr Alun Williams**  
**Accounting Officer**

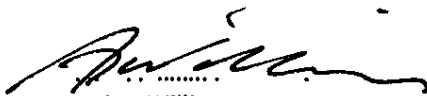
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
for the year ended 31 August 2012**

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As accounting officer, Midsomer Norton Schools Partnership have considered my responsibility to notify the partnership 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 partnership and the Secretary of State. As my part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the partnership governing body are able to identify any irregular or improper use of funds by the partnership, or material non-compliance with the terms and conditions of funding under the partnership'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.



**Mr Alun Williams**  
**Accounting Officer**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDSOMER NORTON SCHOOLS PARTNERSHIP**

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We have audited the financial statements of Midsomer Norton Schools Partnership for the year ended 31 August 2012 on pages 17 to 36. 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 2011/12 issued by the Education Funding Agency.

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

### **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 4, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

### **Opinion on other requirement of the Companies Act 2006**

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDSOMER NORTON SCHOOLS PARTNERSHIP

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### 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

- the charity has not kept adequate accounting records, 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

*Baker Tilly UK Audit LLP*

KERRY GALLAGHER (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Springpark House

Basing View

Basingstoke

Hampshire

RG21 4HG

Date *21 December 2012.*

**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 August 2012**  
**including Income and Expenditure Account**

|   | Notes | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Restricted<br>Fixed<br>Asset<br>Funds<br>£ | Total 2012<br>£   | 11 month<br>period end<br>31 August<br>2011<br>£ |
|---|-------|----------------------------|--------------------------|--|-------------------|--|
| <b>INCOMING RESOURCES</b>                                   |       |                            |                          |  |                   |  |
| <i>Incoming resources from generated funds</i>              |       |                            |                          |  |                   |  |
| Voluntary income  | 2     | -                          | 236                      | -  | 236               | 22,225,084                                       |
| Activities for generating funds                             | 3     | 439,890                    | 414,451                  | -  | 854,341           | 1,470,879  |
| Investment income   | 4     | 23,237                     | -                        | -  | 23,237            | 4,047  |
| <i>Incoming resources from charitable activities</i>        |       |                            |                          |  |                   |  |
| Funding for the partnership's educational operations        | 5     | -                          | 10,173,685               | 239,586                                    | 10,413,271        | 9,956,459  |
| <b>TOTAL INCOMING RESOURCES</b>                             |       | <b>463,127</b>             | <b>10,588,372</b>        | <b>239,586</b>                             | <b>11,291,085</b> | <b>33,656,469</b>                                |
| <b>RESOURCES EXPENDED</b>                                   |       |                            |                          |  |                   |  |
| <i>Cost of generating funds</i>                             |       |                            |                          |  |                   |  |
| Costs of generating voluntary income                        | 6     | -                          | 262,925                  | -  | 262,925           | 385,403  |
| Fundraising trading cost of goods sold and other costs      | 7     | 402,288                    | -                        | -  | 402,288           | 385,918  |
| <i>Charitable activities</i>                                |       |                            |                          |  |                   |  |
| Partnership's educational operations                        | 8     | -                          | 9,676,273                | 665,032                                    | 10,341,305        | 9,346,614  |
| Governance costs  | 9     | -                          | 60,202                   | -  | 60,202            | 46,393   |
| <b>TOTAL RESOURCES EXPENDED</b>                             |       | <b>402,288</b>             | <b>9,999,400</b>         | <b>665,032</b>                             | <b>11,066,720</b> | <b>10,164,328</b>                                |
| <b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>              |       | <b>60,839</b>              | <b>588,972</b>           | <b>(425,446)</b>                           | <b>224,365</b>    | <b>23,492,141</b>                                |
| <b>TRANSFERS</b>  |       |                            |                          |  |                   |  |
| Gross transfers between funds                               |       | -                          | (449,488)                | 449,488                                    | -                 | -  |
| <b>NET INCOME FOR THE YEAR</b>                              |       | <b>60,839</b>              | <b>139,484</b>           | <b>24,042</b>                              | <b>224,365</b>    | <b>23,492,141</b>                                |
| <b>OTHER RECOGNISED GAINS AND LOSSES</b>                    |       |                            |                          |  |                   |  |
| Actuarial (losses) gains on defined benefit pension schemes |       | -                          | (220,000)                | -  | (220,000)         | 83,000   |
| <b>NET MOVEMENT IN FUNDS</b>                                |       | <b>60,839</b>              | <b>(80,516)</b>          | <b>24,042</b>                              | <b>4,365</b>      | <b>23,575,141</b>                                |
| <b>RECONCILIATION OF FUNDS</b>                              |       |                            |                          |  |                   |  |
| <b>BALANCES BROUGHT FORWARD AT 1 SEPTEMBER</b>              |       | <b>66,319</b>              | <b>(279,313)</b>         | <b>23,788,135</b>                          | <b>23,575,141</b> | <b>-</b>   |
| <b>FUND BALANCES CARRIED FORWARD AT 31 AUGUST</b>           |       | <b>127,158</b>             | <b>(359,829)</b>         | <b>23,812,177</b>                          | <b>23,579,506</b> | <b>23,575,141</b>                                |

The net movement in funds for the year arises from the charitable Partnership's continuing operations

No separate statement of total recognised gains and losses has been presented as all such gains and losses are dealt with in the Statement of Financial Activities

**BALANCE SHEET**  
 for the year ended 31 August 2012

Company Number 7365778

|   | Notes | 2012<br>£                | 2011<br>£                |
|---|-------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>                                   |       |                          |                          |
| Tangible assets                                       | 13    | 23,633,695               | 23,757,904               |
| <b>CURRENT ASSETS</b>                                 |       |                          |                          |
| Stock   | 14    | 2,814                    | 2,912                    |
| Debtors   | 15    | 145,276                  | 302,549                  |
| Cash on deposit                                       |       | 1,600,000                | -                        |
| Cash at bank and in hand                              |       | 1,017,718                | 2,139,223                |
|   |       | <u>2,765,808</u>         | <u>2,444,684</u>         |
| <b>CREDITORS: Amounts falling due within one year</b> | 16    | (679,172)                | (749,338)                |
| <b>NET CURRENT ASSETS</b>                             |       | <u>2,086,636</u>         | <u>1,695,346</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>25,720,331</u>        | <u>25,453,250</u>        |
| <b>CREDITORS: Amounts falling due after one year</b>  | 17    | (52,825)                 | (101,109)                |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>         |       | <u>25,667,506</u>        | <u>25,352,141</u>        |
| Defined benefit pension scheme liability              | 22    | (2,088,000)              | (1,777,000)              |
| <b>NET ASSETS INCLUDING PENSION LIABILITY</b>         |       | <u><u>23,579,506</u></u> | <u><u>23,575,141</u></u> |
| <b>THE FUNDS OF THE PARTNERSHIP</b>                   |       |                          |                          |
| <b>Restricted income funds</b>                        |       |                          |                          |
| General Annual Grant fund                             | 18    | 1,728,171                | 1,498,575                |
| Pension reserve                                       | 18    | (2,088,000)              | (1,777,888)              |
| Inherited fixed asset fund                            | 18    | 23,812,177               | 23,788,135               |
| <b>Unrestricted funds</b>                             |       |                          |                          |
| General fund  | 18    | 127,158                  | 66,319                   |
|   |       | <u><u>23,579,506</u></u> | <u><u>23,575,141</u></u> |

The financial statements on pages 17 to 38 were approved by the Governors and authorised for issue on 12 December 2012, and are signed on their behalf by



Mr Stuart Warrenner  
Chair of Governors



Mr Andrew Sinden  
Chair of Finance committee

**CASH FLOW STATEMENT**  
for the year ended 31 August 2012

|  | Notes             | 2012           | 11 month<br>period end<br>31 August<br>2011 |
|--|-------------------|----------------|---|
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>                                   |                   |                |   |
| Reconciliation of net income to net cash inflows                                   | A                 | 756,495        | 2,265,262                                   |
| Returns on investments and servicing of finance                                    | B                 | 23,237         | 4,047                                       |
| Capital expenditure  | C                 | (301,237)      | (130,086)                                   |
| <b>Increase in Cash</b>  |                   | <b>478,495</b> | <b>2,139,223</b>                            |
| <b>A Reconciliation of net income to net cash inflow from operating activities</b> |                   |                |   |
| Net income   |                   | 4,365          | 23,575,141                                  |
| Investment income  |                   | (23,237)       | (4,047)                                     |
| Depreciation   |                   | 665,032        | 573,267                                     |
| Gain on disposal of fixed assets   |                   | -              | (3,290)                                     |
| Decrease/(increase) in stock   |                   | 98             | (2,913)                                     |
| Decrease/(increase) in debtors   |                   | 157,273        | (302,547)                                   |
| (Decrease)/Increase in creditors   |                   | (118,450)      | 850,447                                     |
| Increase in pension liability  |                   | 311,000        | 1,777,000                                   |
| Voluntary income from restricted fixed assets                                      |                   | -              | (23,986,961)                                |
| Capital grants from DfE  |                   | (239,586)      | (210,835)                                   |
| Net cash inflow from operating activities  |                   | 756,495        | 2,265,262                                   |
| <b>B Returns on investments and servicing finance</b>                              |                   |                |   |
| Bank interest received   |                   | 23,237         | 4,047                                       |
| Net cash inflow from operating activities  |                   | 23,237         | 4,047                                       |
| <b>C Capital expenditure and financial investment</b>                              |                   |                |   |
| Purchase of tangible fixed assets  |                   | (540,823)      | (348,198)                                   |
| Capital grants from DfE  |                   | 239,586        | 210,835                                     |
| Receipts from sale of fixed assets   |                   | -              | 7,277                                       |
| Net cash outflow from Capital expenditure and financial investment                 |                   | (301,237)      | (130,086)                                   |
| <b>ANALYSIS OF CHANGES IN NET FUNDS</b>  |                   |                |   |
|  | At 01-Sep<br>2011 | Cash<br>flows  | 31-Aug<br>2012                              |
| Cash in hand and at bank   | 2,139,223         | 478,495        | 2,617,718                                   |

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012**  
**ACCOUNTING POLICIES**

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**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2011/12 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**INCOMING RESOURCES**

Grants receivable for tuition and other wider educational activities, other operating income, rental income, and investment income are accounted for on an accruals basis. Income is recognised as receivable and excluding any relevant Value Added Tax when the partnership has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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.

General donations and other similar types of voluntary income are brought into account when received, except that donated income is included gross of any attributable tax recoverable, where relevant. Donated assets, donated services and gifts in kind are recognised in the statement of financial activities at their fair value to the partnership in the period in which they are receivable, and where the benefit to the partnership is both quantifiable and material.

All sources of income given for specific purposes are treated as restricted income.

**RESOURCES EXPENDED**

Expenditure is recognised in the period in which the rights and obligations that relate to goods received by or services performed for the partnership are materially fulfilled, with the relevant liability to pay the suppliers concerned being recognised as a liability. Resources expended are therefore generally recognised in the period in which they are incurred and include any elements of irrecoverable Value Added Tax.

Resources expended are allocated to the partnership's principal activity, to the costs of generating funds or to governance costs, where the costs involved can be identified as being directly related to those categories. All other costs are categorised as support costs and are allocated in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Governance costs are the costs attributable to the partnership's compliance with the constitutional and statutory requirements associated with running the partnership as a charitable company, and in particular include a proportion of staff costs, the costs of Governors' meetings and audit fees.

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012**  
**ACCOUNTING POLICIES**

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**TANGIBLE FIXED ASSETS**

All tangible assets purchased that have a cost that exceeds £1,000 and an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

|                               |                     |
|-------------------------------|---------------------|
| Land                          | - 0% Straight Line  |
| Buildings                     | - 2% Straight Line  |
| Plant and machinery           | - 10% Straight Line |
| Computer and office equipment | - 33% Straight Line |

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 Partnership's depreciation policy.

**PENSION CONTRIBUTIONS**

The partnership participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes.

The Teachers' Pensions Scheme is administered by the Teachers' Pensions Agency. The partnership is unable to identify its share of the underlying assets and liabilities of the scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the total contributions payable for the period.

The partnership is, however, able to identify its share of the underlying assets and liabilities of the Local Government Pension Scheme, and therefore, the accounting principles relevant to defined benefit pension schemes are applicable. The amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme are treated as finance income or cost for the period.

Full actuarial valuations, carried out by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme are measured at fair value, and the underlying liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the partnership's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the Statement of Financial Activities.

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012**  
**ACCOUNTING POLICIES**

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In addition to the above, the partnership also makes payments into a defined contribution pension scheme on behalf of certain employees. The assets of this scheme are held separately from those of the partnership in an independently administered fund. The contributions payable to the scheme are charged to the Statement of Financial Activities in the period to which they relate.

**LEASED ASSETS AND OBLIGATIONS**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the statement of financial activities on a straight line basis over the lease term.

**FUND ACCOUNTING**

The general fund comprises the accumulated surpluses of unrestricted incoming resources over resources expended, which are available for use in furtherance of the general objectives of the partnership.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the Governors. The use of designated funds remains at the discretion of the Governors.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements. Amounts unspent at the year-end are carried forward in the balance sheet.

**STOCK**

Catering stock is valued at the lower of cost or net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2012**

| 1 GENERAL ANNUAL GRANT (GAG)   | Somervale<br>2012<br>£    | Somervale<br>2011<br>£  | Norton Hill<br>2012<br>£ | Norton Hill<br>2011<br>£                  |
|--|---------------------------|-------------------------|--------------------------|---|
|  |                           |                         |                          |   |
| <b>a. Results and Carry Forward for the Year</b>   |                           |                         |                          |   |
| GAG brought forward from previous year   | 235,470                   | -                       | 469,246                  | -   |
| GAG allocation for current year  | 2,985,046                 | 2,826,419               | 7,188,639                | 6,866,205                                 |
| <b>Total GAG available to spend</b>  | <b>3,220,516</b>          | <b>2,826,419</b>        | <b>7,657,885</b>         | <b>6,866,205</b>                          |
| Recurrent expenditure from GAG   | (2,730,310)               | (2,570,654)             | (6,906,920)              | (6,257,149)                               |
| Fixed assets purchased from GAG  | (289,902)                 | (20,295)                | (167,075)                | (139,810)                                 |
| <b>GAG carried forward to next year</b>  | <b>200,305</b>            | <b>235,470</b>          | <b>583,890</b>           | <b>469,246</b>                            |
| Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)  | (358,206)                 | (339,170)               | (862,637)                | (823,945)                                 |
| <b>GAG to surrender to DfE</b><br>(12% rule breached if result is positive)  | (157,902)                 | (103,700)               | (278,743)                | (354,699)                                 |
|  | No breach                 | No breach               | No breach                | No breach                                 |
| <b>b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes</b>   | -                         | -                       | -                        | -   |
| (Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes) | -                         | -                       | -                        | -   |
| Recurrent expenditure from GAG in current year   | 2,730,310                 | -                       | 6,906,920                | -   |
| GAG allocation for current year  | (2,985,046)               | -                       | (7,188,639)              | -   |
| GAG allocation for previous year x 2%  | (56,528)                  | -                       | (137,324)                | -   |
| <b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b><br>(2% rule breached if result is positive)                                   | <b>(311,265)</b>          | <b>-</b>                | <b>(419,043)</b>         | <b>-</b>                                  |
|  | -                         | -                       | -                        | -   |
| <b>2 VOLUNTARY INCOME</b>  |                           | <b>Restricted Funds</b> |                          | <b>11 month period end 31 August 2011</b> |
|  | <b>Unrestricted Funds</b> | <b>General</b>          | <b>Fixed Assets</b>      | <b>Total 2012</b>                         |
|  | <b>£</b>                  | <b>£</b>                | <b>£</b>                 | <b>£</b>                                  |
| Assets and liabilities inherited from the local authority upon conversion  |                           |                         |                          |   |
| Tangible Fixed Assets  | -                         | -                       | -                        | 23,994,451                                |
| FRS17 Pension Liability  | -                         | -                       | -                        | (1,770,000)                               |
| Other donation income  | -                         | 236                     | -                        | 633                                       |
|  | -                         | 236                     | -                        | 22,225,084                                |



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**3 ACTIVITIES FOR GENERATING FUNDS**

|  | Unrestricted Funds | Restricted Funds |              | Year end 2012  | 11 Month Period end 2011 |
|--|--------------------|------------------|--------------|----------------|--------------------------|
|  | £                  | General          | Fixed Assets | £              | £                        |
| Sundry lettings, services and hire of facilities | 103,101            | -                | -            | 103,101        | 97,279                   |
| Student teacher training                         | -                  | 20,130           | -            | 20,130         | 22,590                   |
| Fees charged for music tuition                   | -                  | 32,590           | -            | 32,590         | 23,529                   |
| Catering income                                  | 320,866            | -                | -            | 320,866        | 276,891                  |
| Other income                                     | 15,923             | 66,865           | -            | 82,788         | 600,691                  |
| Trips income                                     | -                  | 294,866          | -            | 294,866        | 449,809                  |
|  | <u>439,890</u>     | <u>414,451</u>   | <u>-</u>     | <u>854,341</u> | <u>1,470,789</u>         |

**4 INVESTMENT INCOME**

|  | Unrestricted Funds | Restricted Funds |              | Year end 2012 | 11 Month Period end 2011 |
|--|--------------------|------------------|--------------|---------------|--------------------------|
|  | £                  | General          | Fixed Assets | £             | £                        |
| Bank interest receivable on short term cash deposits | 23,237             | -                | -            | 23,237        | 4,047                    |
|  | <u>23,237</u>      | <u>-</u>         | <u>-</u>     | <u>23,237</u> | <u>4,047</u>             |

**5 SCHOOL OPERATING INCOME**

|                                     | Unrestricted Funds | Restricted Funds  |                | Total 2012        | Total 2011       |
|-------------------------------------|--------------------|-------------------|----------------|-------------------|------------------|
|                                     | £                  | General           | Fixed Assets   | £                 | £                |
| From the Department for Education   |                    |                   |                |                   |                  |
| GAG allocation for current year     | -                  | 9,675,585         | -              | 9,675,585         | 9,692,624        |
| Capital grants                      | -                  | -                 | 239,586        | 239,586           | 210,835          |
| Other grants and government funding | -                  | 498,100           | -              | 498,100           | 53,000           |
|                                     | <u>-</u>           | <u>10,173,685</u> | <u>239,586</u> | <u>10,413,271</u> | <u>9,956,459</u> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

| 6 COSTS OF GENERATING<br>VOLUNTARY INCOME | Restricted Funds      |                |                 | 11 month<br>period end<br>31 August<br>2011 |
|---|-----------------------|----------------|-----------------|---|
|   | Unrestricted<br>Funds | General        | Fixed<br>Assets |   |
|   | £                     | £              | £               | £   |
| Trips expenditure                         | -                     | 262,925        | -               | 384,770                                     |
| Donations                                 | -                     | -              | -               | 633   |
|   | <u>-</u>              | <u>262,925</u> | <u>-</u>        | <u>385,403</u>                              |

| 7 FUNDRAISING TRADING<br>COST OF GOODS SOLD AND<br>OTHER COSTS | Restricted Funds      |          |                 | 11 month<br>period end<br>31 August<br>2011 |
|--|-----------------------|----------|-----------------|---|
|  | Unrestricted<br>Funds | General  | Fixed<br>Assets |   |
|  | £                     | £        | £               | £   |
| Catering   | 318,723               | -        | -               | 247,519                                     |
| Sports centre lettings and<br>event costs                      | 77,343                | -        | -               | 64,469                                      |
| Departmental and<br>miscellaneous sales                        | 6,222                 | -        | -               | 73,930                                      |
|  | <u>402,288</u>        | <u>-</u> | <u>-</u>        | <u>385,918</u>                              |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**8 SCHOOL OPERATING COSTS**

|  | <b>Restricted Funds</b>             |                      |                               | <b>11 month<br/>period end<br/>31 August<br/>2011<br/>£</b> |
|--|-------------------------------------|----------------------|-------------------------------|---|
|  | <b>Unrestricted<br/>Funds<br/>£</b> | <b>General<br/>£</b> | <b>Fixed<br/>Assets<br/>£</b> | <b>Total<br/>2012<br/>£</b>                                 |
| <b>Direct costs</b>                          |                                     |                      |                               |   |
| Teaching and educational support staff costs | -                                   | 6,876,058            | -                             | 6,876,058   |
| Direct depreciation                          | -                                   | -                    | 661,605                       | 661,605   |
| Educational consumables                      | -                                   | 314,409              | -                             | 314,409   |
| Examination fees                             | -                                   | 203,678              | -                             | 203,678   |
| Direct staff development                     | -                                   | 13,221               | -                             | 13,221  |
| General fund expenditure                     | -                                   | -                    | -                             | -   |
| External educational provision and supplies  | -                                   | 162,748              | -                             | 162,748   |
|  | -                                   | 7,570,113            | 661,605                       | 8,231,718   |
| <b>Allocated support costs</b>               |                                     |                      |                               |   |
| Support staff costs                          | -                                   | 1,020,421            | -                             | 1,020,421   |
| Depreciation                                 | -                                   | -                    | 3,427                         | 3,427   |
| Utilities                                    | -                                   | 168,668              | -                             | 168,668   |
| Other occupancy costs                        | -                                   | 61,130               | -                             | 61,130  |
| Cleaning                                     | -                                   | 10,690               | -                             | 10,690  |
| Communications                               | -                                   | 34,495               | -                             | 34,495  |
| Professional fees                            | -                                   | 97,163               | -                             | 97,163  |
| Marketing                                    | -                                   | 29,255               | -                             | 29,255  |
| Recruitment                                  | -                                   | 57,680               | -                             | 57,680  |
| Other employment costs                       | -                                   | 28,021               | -                             | 28,021  |
| Rates  | -                                   | 45,894               | -                             | 45,894  |
| Repairs and maintenance                      | -                                   | 203,043              | -                             | 203,043   |
| Insurance                                    | -                                   | 88,272               | -                             | 88,272  |
| Technology costs                             | -                                   | 70,401               | -                             | 70,401  |
| Staff development                            | -                                   | 24,941               | -                             | 24,941  |
| Other support costs                          | -                                   | 75,086               | -                             | 75,086  |
| Pension scheme                               | -                                   | 91,000               | -                             | 91,000  |
|  | -                                   | 2,106,160            | 3,427                         | 2,109,587   |
|  | -                                   | 9,676,273            | 665,032                       | 10,341,305  |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**9 GOVERNANCE COSTS**

|             | Restricted Funds      |         |                 | 11 month<br>period end<br>31 August<br>2011 |
|-------------|-----------------------|---------|-----------------|---|
|             | Unrestricted<br>Funds | General | Fixed<br>Assets | Total<br>2012                               |
|             | £                     | £       | £               | £   |
| Staff costs | -                     | 14,623  | -               | 14,623                                      |
| Audit fees  | -                     | 17,475  | -               | 17,475                                      |
| Other costs | -                     | 28,105  | -               | 28,105                                      |
|             | -                     | 60,202  | -               | 60,202                                      |

The partnership strives to analyse expenditure as direct costs when transactions are being processed, but thereafter, allocates support costs on the basis of estimated staff time involved

Included within auditor's remuneration are amounts payable to Baker Tilly UK Audit LLP in respect of audit services of £16,000

**10 STAFF COSTS**

|   | 2012<br>No. | 2011<br>No. |
|---|-------------|-------------|
| The average monthly number of persons employed by the partnership (including governors) during the period, expressed as full time equivalents, was as follows |             |             |
| Teachers  | 125         | 126         |
| Administration and support  | 109         | 108         |
| Management  | 12          | 10          |
|   | 246         | 244         |
| Staff costs for the above persons   |             |             |
| Wages and salaries  | 6,723,842   | 6,075,148   |
| Social security costs   | 484,671     | 428,804     |
| Pension costs - defined benefit schemes   |             |             |
| Teachers' pension scheme  | 665,374     | 603,446     |
| Local government pension scheme   | 241,039     | 219,294     |
|   | 8,114,926   | 7,326,692   |
| Pension costs - defined contribution scheme   |             |             |
|   |             |             |
| The number of employees whose emoluments for the period exceeded £60,000 fell within the following ranges   | 2012<br>No. | 2011<br>No. |
| £60,001 - £70,000   | 1           | 1           |
| £70,001 - £80,000   | 1           | 1           |
| £120,001 - £130,000   | 1           | 1           |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**11 GOVERNORS' REMUNERATION AND EXPENSES NOTE**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their services as governors

Other governors did not receive any payments from the partnership in respect of their role as governors. The value of governors' remuneration was as follows

|   | <b>2012</b> | <b>2011</b> |
|---|-------------|-------------|
| Headteacher's remuneration (Peter Beaven) | £124,926    | £118,907    |
| Staff governors remuneration              | £204,662    | £161,489    |

**12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Reconciliation of net income to net cash inflows | 756,495     | 2,265,262   |
| Returns on investments and servicing of finance  | 23,237      | 4,047       |
| Capital expenditure                              | (301,237)   | (130,086)   |
| Increase in cash in the year                     | 478,495     | 2,139,223   |
| Net funds at 01 September                        | 2,139,223   | -           |
| Net funds at 31 August                           | 2,617,718   | 2,139,223   |

**13 TANGIBLE FIXED ASSETS**

|                       | <b>Freehold<br/>Land &amp;<br/>Buildings<br/>£</b> | <b>Plant &amp;<br/>Machinery<br/>£</b> | <b>Computer<br/>&amp; Office<br/>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------|--|--|--|--------------------|
| <b>COST</b>           |  |  |  |                    |
| At 1 September 2011   | 23,650,942   | 220,804                                | 457,913  | 24,329,659         |
| Additions             | 315,070  | 35,140                                 | 190,613  | 540,823            |
| Disposals             | -  | -                                      | -  | -                  |
| At 31 August 2012     | 23,966,012   | 255,944                                | 648,526  | 24,870,482         |
| <b>DEPRECIATION</b>   |  |  |  |                    |
| At 1 September 2011   | 425,282  | 34,718                                 | 111,755  | 571,755            |
| Charged in year       | 466,249  | 23,617                                 | 175,166  | 665,032            |
| Disposals             | -  | -                                      | -  | -                  |
| At 31 August 2012     | 891,531  | 58,335                                 | 286,921  | 1,236,787          |
| <b>NET BOOK VALUE</b> |  |  |  |                    |
| At 31 August 2011     | 23,225,660   | 186,086                                | 346,158  | 23,757,904         |
| At 31 August 2012     | 23,074,481   | 197,609                                | 361,605  | 23,633,695         |

**14 STOCK**

|                | <b>2012</b> | <b>2011</b> |
|----------------|-------------|-------------|
|                | <b>£</b>    | <b>£</b>    |
| Catering Stock | 2,814       | 2,912       |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

|           |   |                |                |
|-----------|---|----------------|----------------|
| <b>15</b> | <b>DEBTORS</b>  | <b>2012</b>    | <b>2011</b>    |
|           |   | <b>£</b>       | <b>£</b>       |
|           | Amounts falling due within one year   |                |                |
|           | Trade debtors   | 10,671         | 11,329         |
|           | Prepayments & Accrued income  | 83,289         | 150,856        |
|           | Other Debtors   | 51,316         | 140,364        |
|           |   | <u>145,276</u> | <u>302,549</u> |
| <br>      |   |                |                |
| <b>16</b> | <b>CREDITORS</b>  | <b>2012</b>    | <b>2011</b>    |
|           |   | <b>£</b>       | <b>£</b>       |
|           | Amounts falling due within one year   |                |                |
|           | Trade creditors   | (3)            | 17,367         |
|           | Other taxation and social security costs  | 161,287        | 150,317        |
|           | Other creditors   | 141,490        | 151,025        |
|           | Accruals and deferred income  | 376,398        | 430,629        |
|           |   | <u>679,172</u> | <u>749,338</u> |
|           | Included in other creditors are pension contributions of £88,012 (2011 £80,820) |                |                |
|           | <b>Deferred income</b>  | <b>2012</b>    | <b>2011</b>    |
|           |   | <b>£</b>       | <b>£</b>       |
|           | Deferred income at 1 September  | 141,046        | -              |
|           | Net movement in the period  | (26,118)       | 141,046        |
|           | Deferred income at 31 August  | <u>114,928</u> | <u>141,046</u> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**17 CREDITORS**

|   | <b>2012</b>   | <b>2011</b>    |
|---|---------------|----------------|
|   | <b>£</b>      | <b>£</b>       |
| Amounts falling due after one year                                      |               |                |
| Other loans   | 49,860        | 95,888         |
| Net obligations under finance leases                                    | 2,965         | 5,221          |
|   | <u>52,825</u> | <u>101,109</u> |
| <b>Analysis of loans</b>  |               |                |
| Other loans   | 95,884        | 141,908        |
| Included in current liabilities   | (46,024)      | (46,024)       |
|   | <u>49,860</u> | <u>95,884</u>  |
| <b>Loan maturity analysis</b>   |               |                |
| In more than one year but not more than two years                       | 46,024        | 46,024         |
| In more than two years but not more than five years                     | 3,836         | 49,860         |
| In more than five years   | -             | -              |
|   | <u>49,860</u> | <u>95,884</u>  |
| <b>Net obligations under finance leases and hire purchase contracts</b> | <u>49,860</u> | <u>95,884</u>  |
| Repayable within one year   | 2,260         | 21,160         |
| Repayable between one and five years                                    | 2,965         | 5,221          |
|   | <u>5,225</u>  | <u>26,381</u>  |
| Included in liabilities falling due within one year                     | 2,260         | 21,160         |
|   | <u>2,260</u>  | <u>21,160</u>  |

**18 THE FUNDS OF THE CHARITY**

|                                   | <b>Balance at<br/>01<br/>September<br/>2011</b> | <b>Incoming<br/>Resources</b> | <b>Outgoing<br/>Resources</b> | <b>Actuarial<br/>Losses</b> | <b>Transfers<br/>Between<br/>funds</b> | <b>Balance at<br/>31<br/>August<br/>2012</b> |
|-----------------------------------|---|-------------------------------|-------------------------------|-----------------------------|--|--|
| <b>Restricted income funds:</b>   |   |                               |                               |                             |  |  |
| General annual grant fund         | 1,498,575                                       | 10,588,372                    | (9,909,288)                   | -                           | (449,488)                              | 1,728,171                                    |
| Pension reserve                   | (1,777,888)                                     | -                             | (90,112)                      | (220,000)                   | -                                      | (2,088,000)                                  |
| Inherited fixed asset fund        | 23,788,135                                      | 239,586                       | (665,032)                     | -                           | 449,488                                | 23,812,177                                   |
|                                   | <u>23,508,822</u>                               | <u>10,827,958</u>             | <u>(10,664,432)</u>           | <u>(220,000)</u>            | <u>-</u>                               | <u>23,452,348</u>                            |
| <b>Unrestricted income funds:</b> |   |                               |                               |                             |  |  |
| General fund                      | 66,319  | 463,127                       | (402,288)                     | -                           | -                                      | 127,158                                      |
|                                   | <u>23,575,141</u>                               | <u>11,291,085</u>             | <u>(11,066,720)</u>           | <u>(220,000)</u>            | <u>-</u>                               | <u>23,579,506</u>                            |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**18 THE FUNDS OF THE CHARITY (Continued)**

The General Annual Grant (GAG) represents the core funding for the educational activities of the schools that has been provided to the partnership via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the partnership. The partnership is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the partnership, but any balance over 2% must be used for capital purposes.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the partnership upon conversion by the local authority which represent the school sites inherited from the local authority including the Land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

**Transfer between Funds**

The method of accounting for fixed assets purchased from GAG or other EFA recurrent grants is to show the purchase as a fixed asset on the balance sheet and transfer an amount equal to the purchase of fixed assets from the restricted general fund to the restricted fixed asset fund.

| <b>19 ANALYSIS OF NET ASSETS BETWEEN FUNDS</b>     | <b>General Annual Grant Fund</b> | <b>Inherited Fixed Assets Fund</b> | <b>General Fund</b> | <b>Pension Scheme Liability</b> | <b>Net Assets</b> |
|--|----------------------------------|------------------------------------|---------------------|---------------------------------|-------------------|
| Fund balances at 31 August 2012 are represented by |                                  |                                    |                     |                                 |                   |
| Tangible Assets                                    | (178,483)                        | 23,812,177                         | -                   | -                               | 23,633,695        |
| Current Assets                                     | 2,638,651                        | -                                  | 127,158             | -                               | 2,765,809         |
| Creditors due < 1 year                             | (679,172)                        | -                                  | -                   | -                               | (679,172)         |
| Creditors due > 1 year                             | (52,825)                         | -                                  | -                   | -                               | (52,825)          |
| Pension Liability                                  | -                                | -                                  | -                   | (2,088,000)                     | (2,088,000)       |
| <b>Total</b>                                       | <b>1,728,171</b>                 | <b>23,812,177</b>                  | <b>127,158</b>      | <b>(2,088,000)</b>              | <b>23,579,506</b> |

**20 MEMBERS' LIABILITY**

Midsomer Norton Schools Partnership is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £1 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

**21 COMMITMENTS UNDER OPERATING LEASES**

|  | <b>2012</b>   | <b>11 month period end 31 August 2011</b> |
|--|---------------|---|
| At 31 August 2012, the partnership was committed to make the following payments during the next year under non-cancellable operating leases as follows | <b>£</b>      | <b>£</b>                                  |
| In respect of plant and machinery leases   |               |   |
| Operating leases which expire  |               |   |
| Expiring within one year   | 9,780         | 23,506                                    |
| Expiring within two to five years  | 4,890         | 9,780                                     |
|  | <b>14,670</b> | <b>33,286</b>                             |



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**22 PENSION COMMITMENTS**

The partnership participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme is administered by the Teachers' Pension Agency. The partnership is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charitable company has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The amount charged to the statement of financial activities in respect of pension costs is the total contributions payable for the year, as shown in note 10.

The Teachers' Pensions Scheme is valued formally not less than every four years by the Government Actuary in the United Kingdom, the last available valuation being carried out at 31 March 2004 using normal actuarial principles. The following key actuarial assumptions were used:

|                                  |      |
|----------------------------------|------|
| Gross rate of return             | 6.5% |
| Real rate of return in excess of |      |
| Prices                           | 3.5% |
| Earnings                         | 2%   |
| Real rate of earnings growth     | 1.5% |

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual participating employers. The 2004 valuation was reported by the Government Actuary in October 2006, and the fair value of the scheme's assets was £163,240 million and the estimated present value of the scheme's liabilities was £166,500 million.

**Local Government Pension Scheme**

The partnership is, however, able to identify its share of the underlying assets and liabilities of the Local Government Pension Scheme, and therefore, the accounting principles relevant to defined benefit pension schemes are applicable. The amount charged to the statement of financial activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on the underlying assets and liabilities of the pension scheme are treated as finance cost for the year.

Accordingly, the partnership 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.

Full actuarial valuations, carried out by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The underlying assets of the pension scheme are measured at fair value, and the underlying liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**22 PENSION COMMITMENTS (Continued)**

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by a reduction in future contributions or to the extent that the trustees of the pension scheme have agreed a refund from the pension scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle that liability. The effect of actuarial gains and losses on the partnership's pension scheme asset or liability is therefore reflected annually in the balance sheet and through the statement of financial activities.

The latest actuarial valuation has been updated to take account of the requirements of Financial Reporting Standard 17 Retirement Benefits in order to assess the liabilities of the scheme as at 31 August 2012. Scheme assets are stated at their fair value.

The employer contribution rate has been set at 12.1% of pensionable salary. Expected contributions for the following year are £242,000.

The major assumptions used by the actuary were:

|   |       | As at 31<br>August 2012 | As at 31<br>August 2011 |
|---|-------|-------------------------|-------------------------|
| Rate of increase in salaries            |       | 3.8%                    | 4.2%                    |
| Rate of increase in pensions in payment |       | 2.3%                    | 2.7%                    |
| Discount rate                           |       | 4.5%                    | 5.3%                    |
| Inflation assumption                    | - rpi | N/A                     | 3.2%                    |
|   | - cpi | 2.3%                    | 2.7%                    |

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

|                      | 2012<br>years | 2011<br>years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| Males                | 22.8          | 22.7          |
| Females              | 25.7          | 25.6          |
| Retiring in 20 years |               |               |
| Males                | 25.1          | 25.0          |
| Females              | 28.1          | 28.0          |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**22 PENSION COMMITMENTS (Continued)**

The assets in the scheme and the expected rate of return were

|                                     | Value at 31 August 2012 |         | Value at 31 August 2011 |         |
|-------------------------------------|-------------------------|---------|-------------------------|---------|
|                                     | %                       | £'000   | %                       | £'000   |
| Equities                            | 58.5%                   | 494     | 62.1%                   | 291     |
| Bonds                               | 12.1%                   | 102     | 8.0%                    | 38      |
| Property                            | 7.4%                    | 62      | 6.8%                    | 32      |
| Cash                                | 1.8%                    | 15      | 1.7%                    | 8       |
| Gilts                               | 12.4%                   | 105     | 13.3%                   | 63      |
| Other                               | 7.8%                    | 66      | 8.1%                    | 38      |
| Total market value of assets        |                         | 844     |                         | 470     |
| Present value of scheme liabilities |                         | (2,932) |                         | (2,247) |
| Deficit in the scheme               |                         | (2,088) |                         | (1,777) |

| Analysis of the amount charged to the statement of financial activities | 2012<br>£'000 | 2011<br>£'000 |
|---|---------------|---------------|
| As staff costs  |               |               |
| Current service cost  | 245           | 232           |
| Past service cost   | -             | -             |
| Losses on curtailments  | -             | -             |
| Inherited deficit on transferred members                                | -             | -             |
| Total operating charge  | 245           | 232           |
| As finance costs  |               |               |
| Expected return on assets   | (37)          | (20)          |
| Interest on liabilities   | 127           | 99            |
| Other finance costs   | 90            | 79            |
| Total pension costs   | 335           | 311           |

| Analysis of changes in the present value of defined benefit obligations. | 2012<br>£'000 | 2011<br>£'000 |
|--|---------------|---------------|
| Opening defined benefit obligations                                      | 2,247         | -             |
| Upon conversion to academy status  | -             | 2,003         |
| Members' contributions   | 84            | 77            |
| Current service cost   | 245           | 232           |
| Past service benefit   | -             | -             |
| Losses on curtailments   | -             | -             |
| Interest cost  | 127           | 99            |
| Actuarial experience loss/(gain)   | 237           | (97)          |
| Benefits paid  | (8)           | (67)          |
| Closing defined benefit obligations                                      | 2,932         | 2,247         |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**22 PENSION COMMITMENTS (Continued)**

|  | <b>2012</b>    | <b>2011</b>    |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <b>Analysis of changes in the fair value of plan assets</b>      |                |                |
| Opening fair value of assets                                     | 470            | -              |
| Upon conversion to academy status                                | -              | 233            |
| Employer contributions   | 244            | 221            |
| Members' contributions   | 84             | 77             |
| Expected return  | 37             | 20             |
| Actuarial experience gain  | 17             | (14)           |
| Benefits paid  | (8)            | (67)           |
| Closing fair value of assets                                     | <u>844</u>     | <u>470</u>     |
| <b>History of experience adjustments</b>                         |                |                |
|  | <b>2012</b>    | <b>2011</b>    |
|  | <b>£'000</b>   | <b>£'000</b>   |
| Plan assets at fair value  | 844            | 470            |
| Defined benefit obligation                                       | <u>(2,932)</u> | <u>(2,247)</u> |
| Deficit  | <u>(2,088)</u> | <u>(1,777)</u> |
| Experience adjustments on plan assets                            | <u>17</u>      | <u>(14)</u>    |
| Experience adjustments on plan liabilities                       | <u>-</u>       | <u>-</u>       |
|  | <b>2012</b>    | <b>2011</b>    |
|  | <b>£'000</b>   | <b>£'000</b>   |
| Reconciliation of the movement in scheme deficit over the period |                |                |
| Deficit in scheme at the beginning of the period                 | (1,777)        | -              |
| Upon conversion to academy status                                | -              | (1,770)        |
| Movement in year   |                |                |
| Current service cost   | (245)          | (232)          |
| Past service benefit   | -              | -              |
| Losses on curtailments   | -              | -              |
| Employer contributions   | 244            | 221            |
| Other finance income   | (90)           | (79)           |
| Actuarial gain/(Loss)  | <u>(220)</u>   | <u>83</u>      |
| Deficit in scheme at the end of the period                       | <u>(2,088)</u> | <u>(1,777)</u> |

**Other pension commitments**

In addition to the above, the partnership also makes payments into defined contribution pension scheme on behalf of certain employees. The assets of this scheme are held from those of the partnership in an independently administered fund. The contributions payable to the scheme are charged to the statement of financial activities in the period to which they relate, as shown in note 10.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**23 RELATED PARTY TRANSACTIONS**

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