

**CANARY WHARF COLLEGE LIMITED**  
**(A Company Limited by Guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

Registered Company No 07413883



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**CANARY WHARF COLLEGE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**CANARY WHARF COLLEGE LIMITED**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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**GOVERNORS**

Sarah Counter  
Peter Webb  
Michele Martin  
Peter Counter  
Dr Jurgen Michels (resigned 1 March 2012)  
Dorothea Shwenk (resigned 1 March 2012)  
Peter Martin Griffiths (appointed 17 November 2011)  
Karen Bisset (appointed 17 November 2011, resigned 9 July 2012)  
Dr Ophelia Cheng (appointed 17 November 2011)  
Paul Armitage (appointed 17 November 2011)  
Gleny Lovell (appointed 31 October 2012)  
James Etherington (appointed 29 November 2012)

**PRINCIPAL**

Sarah Counter

**COMPANY SECRETARY**

Sarah Counter

**REGISTERED OFFICE**

197 East Ferry Road  
London  
E14 3BA

**BANKERS**

HSBC  
165 Fleet Street  
London  
E14 3BA

**AUDITORS**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

# **CANARY WHARF COLLEGE LIMITED**

## **GOVERNORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2012**

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The Governors' present their report for the year ended 31 August 2012 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for the period, and confirm that the latter comply with the requirements of the Companies Act 2006, the Company's Memorandum & Articles of Association and the Charities SORP 2005

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

Canary Wharf College is incorporated as a Company Limited by Guarantee with no share capital, company number 07413883 and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents.

The Governors are directors of the charitable company for the purposes of Company Law and are trustees for the purposes of Charity Law. The Governors who were in office at 31 August 2012, and served during the period, are listed on page 1.

During the year under review, the governors held 3 meetings. Further, opportunity was given for the governors to meet new members of staff.

### **Members' Liability**

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

### **Governors Indemnities**

Employees and Governors are covered by professional indemnity insurance for failings arising from the performance of their duties that may lead to civil liability. There are no other specific third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

### **Principal Activities**

The principal object and activity is to advance public benefit education in the United Kingdom by maintaining a school offering a broad and balanced curriculum.

### **Recruitment and Appointment of Governors**

The members can appoint up to 12 governors. Governors are elected on the basis of their eligibility, personal competence, specialist skills and local availability. A further 2 governors may be elected from the parent body.

### **Policy and Procedures Adopted for the Induction and Training of Governors**

When new governors are to be appointed they will be given a tour of the College and encouraged to arrange a day at the College to view how it functions. New Governors will be provided with all documents required to enable them to undertake their role as Governors. Governor training was held during this financial year. It is the intention that they will attend professional courses on Trustee and Governor training to allow them to efficiently fulfil their duties.

### **Organisational Structure**

The company was formed in October 2010 and during the period the Governors have managed it at an equal level. The purpose of the company was to set up and operate a new Free School, namely Canary Wharf College. The Governors are responsible for setting general policy, adopting a plan and budget. The Governors make all decisions with regard to the setting up of the College, including capital expenditure and senior appointments, and monitor financial progress against budget with regard to capital projects and revenue expenditure and income.

**CANARY WHARF COLLEGE LIMITED**  
**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**Organisational Structure (continued)**

On starting the academic year on 1 September 2011 there was an operational structure led by Governors, Principal, Leader of Finance and Facilities and Teaching & Support Staff. The Principal and Leader of Finance and Facilities formed the Senior Leadership Team. A further member of the Senior Leadership Team, Leader of Learning Programmes, was appointed on 1<sup>st</sup> May 2012. The Senior Leadership Team is responsible for implementing policies and reporting to the Governors. The Senior Managers are responsible for the authorisation of spending within agreed budgets and appointment of further staff.

**OBJECTIVES AND ACTIVITIES**

**Objects, aims and objectives**

The principal object and activity of the charitable company is the advancement of education for the public benefit. In particular it maintains, manages and develops a school offering a broad and balanced curriculum. It does this through the operation of Canary Wharf College, which provides education for pupils of different abilities between the ages of 4 and 11. The aim of the College is to Live, Share and Celebrate the Love of Learning in a Christian environment whilst welcoming children from different faiths and backgrounds. The College has emphases on Science, Mathematics and Design Technology.

**Objectives, strategies and activities**

The College's main strategy is encapsulated in its mission statement, which states, "To Live, Share and Celebrate the Love of Learning in a Christian Environment while welcoming those of other faiths and ethnic backgrounds". To this end the College will include the following activities:

- learning opportunities for all pupils appropriate to their age and ability,
- training opportunities for all staff,
- a programme of extended day activities to supplement the learning opportunities for pupils,
- trips and visits to support pupil learning.

The main objectives of the College during the year ended 31 August 2012 are summarised below:

- to operate the approved business case for Canary Wharf College,
- to organise the College to enable it to provide an excellent education for its pupils,
- to induct pupils, staff and parents into the Canary Wharf College ethos,
- to promote the College in the local and wider community,
- to ensure proper use of public funds to facilitate the education of its pupils,
- to provide a safe environment for its pupils, staff and visitors,
- to comply with all statutory requirements,
- to conduct the College's business in accordance with the highest standards of integrity, probity and openness.

**Disabled persons**

Ramps are provided where necessary on the ground floor. Disabled toilets are installed on the ground floor and first floor. A chair stair lift is provided to enable access to the first floor. Door widths are adequate to enable wheelchair access to all main areas of the College. The policy of the College is to support recruitment and retention of staff and pupils with disabilities. The College does this, wherever practicable, by adapting the physical environment and by making support resources available and through training and career development.

**Equal opportunities policy**

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

## **CANARY WHARF COLLEGE LIMITED**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2012**

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##### **Public Benefit**

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charitable company

##### **ACHIEVEMENTS AND PERFORMANCE**

The College opened on 13 September 2011 after receiving a signed Funding Agreement from the Secretary of State for Education on 11 July 2011. The College opened with a full cohort of pupils. The Department of Education has agreed for the College to admit a further 60 pupils in September 2012 and a further 40 each year after that until a maximum of 280 pupils is reached. During the year there were more than 130 applications for 40 Reception Class places. The College started with 116 pupils on roll in September 2012. Of the 4 places not taken 2 were deferred to later in the year and 2 withdrew at the last minute. These places will be filled in January 2013 from our waiting list.

Our results show that both the girls and boys performed well above the national average, achieving significantly more than national progress. In both Year 1 and Year 2 pupils have progressed well beyond the approximate national expectation of two sub-levels per annum, with boys and girls exceeding an average 3 sub-levels progress over the course of 2011/12. Overall achievement is excellent.

During the academic year a programme of lesson observations, testing and external inspection was put in place, in order to ensure continual improvement.

##### **Going Concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that Canary Wharf College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **KEY FINANCIAL PERFORMANCE INDICATORS**

The Key Financial Performance Indicators used by the Governors to assess the Performance of the College are these:

- Performance against budget
- Maintaining staff cost within budget
- Funding received per pupil
- Ensuring that the school operates at capacity

These indicators are reviewed monthly at leadership team meetings, twice termly at Finance and Audit Committee and three times a year at Governor Board Meetings.

##### **FINANCIAL REVIEW**

For the year to 31 August 2012, the majority of the College's funds were received by means of grants from the Young People's Learning Agency (now the Education Funding Agency), Partnership for Schools and the Department for Education. This income is restricted for the provision of education. In the year to 31 August 2012, funds received were also used to pay for setting up costs, capital refurbishment of the Docklands Settlement Centre and the Capital provision of equipment and resources, including ICT, for the College. Further funds were provided for the revenue funding of the operation of the College.

For the year ended 31 August 2012, the College made a surplus of £444,463, although £355,727 relates to funding for fixed assets which were capitalised during the year. This will be spent on our upcoming building programme, building up of reserves and replacement of FF&E and ICT where required.

# CANARY WHARF COLLEGE LIMITED

## GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

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### Financial and Risk Management Objectives and Policies

The Governors have assessed the major risks to which the College is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the College, and its finances. The Governors have implemented a number of systems to assess risks that the College faces, especially in operational areas of, for example, finance, teaching, health and safety, bullying and school trips. A programme of Governor Sub-Committees and financial internal controls enable governors to minimise risk. Where risk cannot be effectively managed a comprehensive insurance policy exists.

### Reserves Policy

The Governors intend to adopt a suitable reserves policy and to carry out an annual review of the reserves policy when the charity has operational income and expenditure and budgets. The aim will be to provide sufficient working capital to cover lags between the spending and receipt of grants and to provide a buffer for unexpected expenditure. Further, the EFA has agreed to remove the limit on year to year carry over of revenue monies and the use of surplus FF&E funding for the purpose of funding forthcoming capital projects.

### Principal Risks and Uncertainties

The Governors keep under review the strategic risks facing Canary Wharf College and the programmes that help to manage or mitigate the risk. Amongst the most important strategic risks at present are:

- the impact of changes in the economy generally and the resultant decline in funding across the education sector from public sources. In particular, the new funding formula to be introduced for 2013/14 may have a detrimental effect on our revenue funding.
- the impact of falling pupil numbers. Although, given the College's over subscription rates, the Governors do not consider this a current risk.
- long-term viability of a small school. Although the five year plan shows a year on year surplus, the Governors are looking to set-up new free schools in the local area. This will address the need for school places and achieve economies of scale and synergies across the schools.

### PLANS FOR FUTURE PERIODS

The College opened to students on 1 September 2011. The College have agreed to purchase the Dockland Settlements Site, subject to planning permission being granted for its redevelopment. The College has worked with two contractors to obtain the best value design for the redevelopment and have now appointed Kier Education to take their design forward. Following the granting of planning permission, due in February 2012, the Dockland Settlements site will be redeveloped to provide additional capacity to enable the College to accommodate 280 pupils and ancillary office space and large hall to be used by the local community. This project is due for completion in May 2014.

### AUDITORS

So far as each of the Governors is aware at the time that the report is approved:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Haysmacintyre have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting.

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

  
Martin Griffiths  
Chair of Governors

**CANARY WHARF COLLEGE LIMITED**  
**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 Canary Wharf College 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 Sarah Counter, 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 Canary Wharf College Limited 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.

**Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governors have formally met 3 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 a possible</b>
Sarah Counter	3	3
Peter Webb	2	3
Michele Martin	3	3
Peter Counter	3	3
Dr Jurgen Michels (resigned 1 March 2012)	2	2
Dorothea Schwenk (resigned 1 March 2012)	2	2
Peter Martin Griffiths (appointed 17 November 2011)	3	3
Karen Bisset (appointed 17 November 2011, resigned 9 July 2012)	2	3
Dr Ophelia Chang (appointed 17 November 2011)	3	3
Paul Armitage (appointed 17 November 2011)	2	3
James Etherington (appointed 29 November 2012)	0	0



**CANARY WHARF COLLEGE LIMITED**

**GOVERNANCE STATEMENT (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to monitor and review the financial state of the company. It also discusses issues relating to the finances and makes recommendations to the Governing Body with regard to issues such as pay settlements, authorisation limits and financial control. During the year Sarah Counter, Peter Webb, Dorothea Schwenk, Juergen Michels and Peter Counter joined the committee. Dorothea Schwenk and Juergen Michels left the committee on 1 March 2012. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Sarah Counter	3	3
Peter Webb	3	3
Peter Counter	3	3
Dorothea Schwenk	1	1
Juergen Michels	1	1

**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 Canary Wharf College Limited'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 Canary Wharf College Limited 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 Canary Wharf College Limited 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 Canary Wharf College Limited's significant risks that has been in place for the year ended 31 August 2012 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**The Risk and Control Framework**

Canary Wharf College Limited'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 termly financial reports which are reviewed and agreed by the Governing Body,
- twice termly reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors had decided to appoint a Governor, as the Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on Canary Wharf College's financial systems. Due to the resignation of the Responsible Officer no RO checks were carried out in the year. The Governing Body is looking to appoint a third party internal auditor for the forthcoming financial year.

**CANARY WHARF COLLEGE LIMITED**  
**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**Review of Effectiveness**

As Accounting Officer, Sarah Counter 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 external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Canary Wharf College 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

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



**Martin Griffiths**  
**Chair of Governors**



**Sarah Counter**  
**Accounting Officer**

**CANARY WHARF COLLEGE LIMITED**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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As accounting officer of Canary Wharf College Limited, I have considered my responsibility to notify Canary Wharf College Limited's 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 Canary Wharf College Limited and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and Canary Wharf College Limited's Governing Body are able to identify any material irregular or improper use of funds by the Canary Wharf College Limited, or material non-compliance with the terms and conditions of funding under the Canary Wharf College Limited'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.



**Sarah Counter**

**Accounting Officer**

**12 December 2012**

## CANARY WHARF COLLEGE LIMITED

### STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2012

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The Governors (who act as trustees for charitable activities of Canary Wharf College Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Charitable Company will continue in business

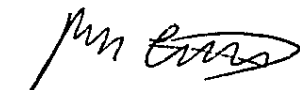
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

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

Signed



Martin Griffiths  
Chair

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF COLLEGE LIMITED**

We have audited the financial statements of Canary Wharf College Limited for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the EFA.

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

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

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **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, and
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Accounts Direction 2011/12 issued by the EFA.


### **Opinion on other matter prescribed by 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.

### **Matters on which we are required to report by exception**

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

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

  
Tracey Young, Senior Statutory Auditor,  
For and on behalf of haysmacintyre, Statutory Auditors

21 December 2012

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

## INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF CANARY WHARF COLLEGE LIMITED AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 2 November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the Canary Wharf College Limited during the period from 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the Governing Body and the EFA. Our review work has been undertaken so that we might state to the Governing Body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our review work, for this report, or for the opinion we have formed.

### Respective responsibilities of the governing body and Auditors

The Governing Body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

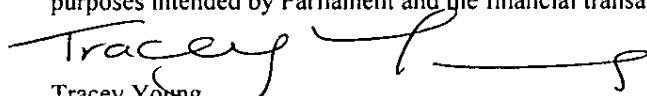
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

### Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Tracey Young  
Senior Statutory Auditor,  
For and on behalf of Haysmacintyre, Statutory Auditors

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

21 December 2012

**CANARY WHARF COLLEGE LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES**

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

**FOR THE YEAR ENDED 31 AUGUST 2012**

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Year ended 31 Aug 2012 £	Period to 31 Aug 2011 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	3,153	1,110	-	4,263	-
Activities for generating funds	4	10,330	-	-	10,330	-
<i>Incoming resources from charitable activities</i>						
Funding for the College's educational operations	5	-	628,322	485,750	1,114,072	342,498
<b>Total Incoming Resources</b>		<b>13,483</b>	<b>629,432</b>	<b>485,750</b>	<b>1,128,665</b>	<b>342,498</b>
<b>Resources expended</b>						
<i>Cost of generating funds</i>						
Activities for generating funds		9,344	-	-	9,344	-
<i>Charitable activities</i>						
College's educational operations	7	-	533,007	132,608	665,615	111,946
<i>Governance costs</i>	8	-	8,243	-	8,243	11,573
<b>Total Resources Expended</b>	6	<b>9,344</b>	<b>541,250</b>	<b>132,608</b>	<b>683,202</b>	<b>123,519</b>
<b>Net incoming resources before transfers</b>						
Gross transfers between funds	17	4,139	88,182	353,142	445,463	218,979
		-	(2,585)	2,585	-	-
<b>Net income for the year</b>		<b>4,139</b>	<b>85,597</b>	<b>355,727</b>	<b>445,463</b>	<b>218,979</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension scheme	15,20	-	(1,000)	-	(1,000)	-
<b>Net movement in funds</b>		<b>4,139</b>	<b>84,597</b>	<b>355,727</b>	<b>444,463</b>	<b>218,979</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2011		(8,710)	-	227,689	218,979	-
<b>Total funds carried forward at 31 August 2012</b>		<b>£(4,571)</b>	<b>£84,597</b>	<b>£583,416</b>	<b>£663,442</b>	<b>£218,979</b>

All of the College's activities derive from continuing operations during the above two financial periods

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

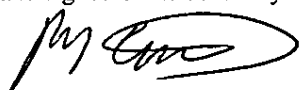
## BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	12	583,416	227,689
<b>Current assets</b>			
Debtors	13	178,672	296,126
Cash at bank and in hand		226,705	17,101
		<u>405,377</u>	<u>313,227</u>
<b>Liabilities</b>			
Creditors amounts falling due within one year	14	(324,351)	(321,937)
<b>Net current assets/(liabilities)</b>		81,026	(8,710)
<b>Total assets less current liabilities</b>		<u>664,442</u>	<u>218,979</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	20	(1,000)	-
<b>Net assets including pension liability</b>		<u>£663,442</u>	<u>£218,979</u>
<b>Funds of the College:-</b>			
<b>Restricted funds</b>			
Fixed asset fund	15	583,416	227,689
General fund	15	85,597	-
Pension reserve		(1,000)	-
<b>Total restricted funds</b>		<u>668,013</u>	<u>227,689</u>
<b>Unrestricted funds</b>			
General fund	15	(4,571)	(8,710)
<b>Total unrestricted funds</b>		<u>(4,571)</u>	<u>(8,710)</u>
<b>Total funds</b>		<u>£663,442</u>	<u>£218,979</u>

The financial statements were approved and authorised for issue by the Governors on  
and signed on its behalf by

12 Dec. '12



Martin Griffiths  
Chair of Governors



**CANARY WHARF COLLEGE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**1. STATEMENT OF ACCOUNTING POLICIES**

**Basis of Preparation**

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

**Going concern**

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

**Incoming Resources**

All incoming resources are recognised when Canary Wharf College Limited has entitlement to the funds, certainty of receipts and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Donations**

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

- **Other income**

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

**Resources Expended**

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on Canary Wharf College's educational operations.

- **Governance costs**

These include the costs attributable to the Canary Wharf College's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

# CANARY WHARF COLLEGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

#### **Tangible fixed assets**

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the College's depreciation policy.

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

Leasehold improvements	over length of the lease
Fixtures, fittings and equipment	25%
Office equipment	25%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

#### **Leased assets**

Rentals under operating leases are charged on an invoiced basis over the lease term.

#### **Taxation**

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

#### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with Canary Wharf College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and Canary Wharf College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**CANARY WHARF COLLEGE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2012****1. STATEMENT OF ACCOUNTING POLICIES (continued)****Pensions Benefits**

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

**Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of Canary Wharf College Limited at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency (EFA)/Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the EFA/Department for Education.

<b>2. GENERAL ACCOUNT GRANT (GAG)</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Results and Carry Forward for the years</b>		
GAG allocation for current year	413,550	-
<b>Total GAG available to spend</b>	<u>413,550</u>	<u>-</u>
Recurrent expenditure from GAG	(337,220)	-
Fixed assets purchased from GAG	(2,585)	-
<b>GAG carried forward to next year</b>	<u>73,745</u>	<u>-</u>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(49,626)	-
<b>GAG to surrender to DfE</b> (12% rule breached if result is positive)	<u>24,119</u>	<u>-</u>
	<b>Breach</b>	

Although the 12% rule has been breached, it has been agreed with the EFA that the unspent balance can be retained and used towards future capital expenditure.

**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

3.	VOLUNTARY INCOME	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £	
	Donations	<u>£3,153</u>	<u>£1,110</u>	<u>£4,263</u>	<u>£ -</u>	
4.	ACTIVITIES FOR GENERATING FUNDS	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £	
	Extra curricular activities	<u>£10,330</u>	<u>£ -</u>	<u>£10,330</u>	<u>£ -</u>	
5.	FUNDING FOR THE COLLEGE'S EDUCATIONAL OPERATIONS	Restricted Funds £	Restricted asset Funds £	Total 2012 £	Total 2011 £	
	DfE/EFA revenue grants					
	General Annual Grant (GAG) (note 2)	413,550	-	413,550	-	
	Start up grants	98,400	-	98,400	113,131	
	Other DfE/EFA grants	116,372	-	116,372	-	
		<u>628,322</u>	<u>-</u>	<u>628,322</u>	<u>113,131</u>	
	Capital grants					
	Partnership for Schools - capital grants	-	485,750	485,750	229,367	
		<u>£628,322</u>	<u>£485,750</u>	<u>£1,114,072</u>	<u>£342,498</u>	
6.	RESOURCES EXPENDED	Staff costs £	Non Pay Expenditure Premises £	Other costs £	Total 2012 £	Total 2011 £
	Activities for generating funds	-	-	9,344	9,344	-
	College's educational operations					
	- Direct costs	281,903	-	167,348	449,251	111,946
	- Allocated support costs	89,270	101,108	25,986	216,364	-
		<u>371,173</u>	<u>101,108</u>	<u>202,678</u>	<u>674,959</u>	<u>111,946</u>
	Governance costs	-	-	8,243	8,243	11,573
		<u>£371,173</u>	<u>£101,108</u>	<u>£210,921</u>	<u>£683,202</u>	<u>£123,519</u>
	Incoming resources for the year include:			2012 £	2011 £	
	Operating leases – rent			60,115	-	
	Fees payable to auditor - audit			6,800	4,750	

**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

<b>7. CHARITABLE ACTIVITIES - College's educational operations</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2012 £</b>	<b>Total 2011 £</b>
<b>Direct costs</b>				
Teaching and educational support staff costs	-	281,903	281,903	-
Depreciation	-	132,608	132,608	-
Educational supplies	-	19,564	19,564	10,506
Staff development	-	8,833	8,833	2,276
Educational consultancy	-	2,500	2,500	32,894
Other direct costs	-	3,843	3,843	-
	-	449,251	449,251	45,676
<b>Allocation of support costs</b>				
Support staff costs	-	89,270	89,270	40,266
Recruitment and support	-	6,715	6,715	6,561
Maintenance of premises and equipment	-	1,688	1,688	-
Cleaning	-	3,209	3,209	-
Rent and rates	-	64,715	64,715	-
Light and heat	-	3,039	3,039	-
Insurance	-	14,267	14,267	-
Other office costs	-	14,190	14,190	3,135
IT support	-	6,337	6,337	1,799
Bank interest and charges	-	72	72	-
Professional fees	-	4,861	4,861	1,722
Other support costs	-	8,001	8,001	12,787
	-	216,364	216,364	66,270
	-	£665,615	£665,615	£111,946
<b>8. GOVERNANCE COSTS</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2012 £</b>	<b>Total 2011 £</b>
Legal and professional fees	-	1,380	1,380	6,823
Auditor's remuneration	-	5,500	5,500	4,750
- audit of financial statements	-	1,363	1,363	-
Governors reimbursed expenses	-	£8,243	£8,243	£11,573

**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

<b>9. STAFF COSTS</b>	<b>2012 £</b>	<b>2011 £</b>
Staff costs during the year were		
Wages and salaries	303,015	32,763
Social Security costs	26,352	2,883
Pensions costs	30,215	4,620
	<u>359,582</u>	<u>40,266</u>
Supply teacher costs	11,591	-
	<u>£371,173</u>	<u>£40,266</u>

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

	<b>2012 No.</b>	<b>2011 No.</b>
<b>Charitable activities</b>		
Teachers	7	-
Administration and support	15	-
Management	1	1
	<u>95</u>	<u>1</u>

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

£70,001 to £80,000	<u>1</u>	<u>-</u>
--------------------	----------	----------

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for this staff member amounted to £10,605 (2011 £4,620)

**10. GOVERNORS' REMUNERATION AND EXPENSES**

The principal only receive remuneration in respect of services provided undertaking the role of Principal and not in respect of her service as Governor. Other Governors did not receive any payments, other than expenses, from the College in respect of their role as Governors. The value of the Governors' remuneration was as follows

Principal	<u>£78,632</u>
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The Principal also received consulting fees in the prior year amounting to £17,250

During the year ended 31 August 2012, travel and subsistence expenses totalling £1,363 (2011 £15,855) were reimbursed to 3 Governors (2011 5)

**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

**11. GOVERNORS' AND OFFICERS INSURANCE**

In accordance with normal commercial practice Canary Wharf College Limited has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on College business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was £252 (2011 £nil)

The cost of this insurance is included in the total insurance cost

**12. TANGIBLE FIXED ASSETS**

	<b>Leasehold Land and Buildings £</b>	<b>Fixtures Fittings and Equipment £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2011	212,486	15,203	-	227,689
Additions	330,369	41,506	116,460	488,335
At 31 August 2012	542,855	56,709	116,460	716,024
<b>Depreciation</b>				
At 1 September 2011	-	-	-	-
Charged in year	93,117	10,376	29,115	132,608
At 31 August 2012	93,117	10,376	29,115	132,608
<b>Net Book Value</b>				
At 31 August 2012	£449,738	£46,333	£87,345	£583,416
At 31 August 2011	£212,486	£15,203	£ -	£227,689

**13. DEBTORS**

	<b>2012 £</b>	<b>2011 £</b>
Prepayments and accrued income	163,734	286,976
Other debtors	14,938	9,150
	<u>£178,672</u>	<u>£296,126</u>

**14. CREDITORS: amounts falling due within one year**

	<b>2012 £</b>	<b>2011 £</b>
Trade creditors	86,320	59,606
PAYE and NIC creditor	9,477	11,538
Other creditors	127,464	-
Accruals and deferred income	101,090	250,793
	<u>£324,351</u>	<u>£321,937</u>

**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

14	<b>CREDITORS: amounts falling due within one year (continued)</b>				<b>2012</b>	
					<b>£</b>	
	<b>Deferred income</b>					
	Deferred income at 1 September 2011				7,999	
	Resources deferred in the year				5,628	
	Amount released from previous year				(7,999)	
					<hr/>	
	Deferred income at 31 August 2012				<b>£5,628</b>	
					<hr/>	
15	<b>FUNDS</b>	<b>Balance at</b>	<b>Incoming</b>	<b>Resources</b>	<b>Gains,</b>	<b>Balance at</b>
		<b>1 September</b>	<b>resources</b>	<b>expended</b>	<b>Losses and</b>	<b>31 August</b>
		<b>2011</b>	<b>£</b>	<b>£</b>	<b>transfers</b>	<b>2012</b>
	<b>Restricted general funds</b>	<b>£</b>			<b>£</b>	<b>£</b>
	General Annual Grant (GAG)	-	413,550	(337,220)	(2,585)	73,745
	Start up Grant	-	98,400	(86,548)	-	11,852
	Other DfE/EFA grants	-	116,372	(116,372)	-	-
	Pension reserve	-	-	-	(1,000)	(1,000)
	Other funds	-	1,110	(1,110)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		-	629,432	(541,250)	(3,585)	84,597
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Restricted fixed assets funds</b>					
	DfE/EFA grants	227,689	485,750	(132,608)	-	580,831
	Capital expenditure from GAG	-	-	-	2,585	2,585
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		227,689	485,750	(132,608)	2,585	583,416
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Total restricted funds</b>	<b>£227,689</b>	<b>£1,115,182</b>	<b>£(673,858)</b>	<b>£(1,000)</b>	<b>£668,013</b>
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Unrestricted funds</b>					
	Unrestricted funds	(8,710)	13,483	(9,344)	-	(4,571)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Total unrestricted funds</b>	<b>(8,710)</b>	<b>13,483</b>	<b>(9,344)</b>	<b>-</b>	<b>(4,571)</b>
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>Total funds</b>	<b>£218,979</b>	<b>£1,128,665</b>	<b>£(683,202)</b>	<b>£(1,000)</b>	<b>£663,442</b>

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

The General Annual Grant is funding from the DfE for the College's operating costs. Start up grant covers teaching costs, training and recruitment. The balance represents expenditure to be incurred in the following accounting year.

Capital Grants were to fund the purchase of fixed assets.

Other DfE/EFA grants were received to cover the costs of insurance, rates, rent and additional teaching staff.



**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed assets Funds £	Total Funds £
Tangible fixed assets	-	-	583,416	583,416
Current assets	-	405,377	-	405,377
Current liabilities	(4,571)	(319,780)	-	(324,351)
Pension scheme liability	-	(1,000)	-	(1,000)
<b>Total net assets</b>	<b>£(4,571)</b>	<b>£84,597</b>	<b>£583,416</b>	<b>£663,442</b>

**17. CAPITAL COMMITMENTS**

	2012 £	2011 £
Contracted for, but not provided in the financial statements	£149,210	£146,274

**18. FINANCIAL COMMITMENTS**

*Operating leases*

At 31 August 2012 the College had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
<b>Land and buildings</b>		
Expiring within two and five years inclusive	£61,594	£61,594

**19. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member

## CANARY WHARF COLLEGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 AUGUST 2012

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#### 20. PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Tower Hamlets Both are defined-benefit schemes

The pension costs are assessed in accordance with advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012

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

##### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operate are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions

The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 6.75% (to balance assets and liabilities as required by the regulations within 15 years) This resulted in a total contribution rate of 20.5% which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation was a 14% cap on employer contributions payable

**CANARY WHARF COLLEGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

**20. PENSION AND SIMILAR OBLIGATIONS (continued)**

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's full time equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £4,737, of which employer's contributions totalled £3,298 and employees contributions totalled £1,439. The agreed contribution rates for future years are 14.9% per cent for employers and between 5.5% and 7.5% for employees.

<b>Principal Actuarial Assumption</b>	<b>At 31 August 2012 %</b>
Rate of increase in salaries	4.5
Rate of increase for pensions in payment/inflation	2.2
Discount rate for scheme liabilities	4.1
Inflation assumption (CPI)	1.9

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

	<b>At 31 August 2012 £</b>
<i>Retiring today</i>	
Males	21.8
Females	23.9
<i>Retiring in 20 years</i>	
Males	23.3
Females	26.5

**CANARY WHARF COLLEGE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2012****20. PENSION AND SIMILAR OBLIGATIONS (continued)****Local Government Pension Scheme (continued)**

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

	<b>Expected return At 31 August 2012 %</b>	<b>Fair value At 31 August 2012 £</b>
Equities	5.5	3,000
Bonds	2.8	1,000
Property	3.7	1,000
<b>Total market value of assets</b>		<b>5,000</b>
<b>Present value of scheme liabilities</b>		
- Funded		(6,000)
<b>Deficit in the scheme</b>		<b>£(1,000)</b>

The actual return on scheme assets was £Nil

<b>Amounts recognised in the Statement of Financial Activities</b>	<b>2012 £</b>
Current service cost (net of employee contributions)	3,000
<b>Total operating charge</b>	<b>£3,000</b>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £1,000 loss.

<b>Movements in the present value of defined benefit obligations were as follows</b>	<b>2012 £</b>
<b>At 1 September 2011</b>	
Current service cost	3,000
Employee contributions	1,000
Actuarial (gain)/loss	2,000
<b>At 31 August 2012</b>	<b>£6,000</b>

**CANARY WHARF COLLEGE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**20. PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

<b>Movements in the fair value of College's share of scheme assets</b>	<b>2012 £</b>
<b>At 1 September 2011</b>	-
Actuarial gain	1,000
Employer contributions	3,000
Employee contributions	1,000
<b>At 31 August 2012</b>	<b>£5,000</b>

The estimated value of employer contributions for the year ended 31 August 2013 is £11,513

The history of experience adjustments is as follows:

	<b>2012 £</b>
Present value of defined benefit obligations	(6,000)
Fair value of share of scheme assets	5,000
Deficit in the scheme	£(1,000)
Experience adjustments on share of scheme assets	£1,000
Experience adjustments on scheme liabilities	£-

**21. RELATED PARTY TRANSACTIONS**

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