

**Company Number: 07451660**

**WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST  
GOVERNORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2011**



# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS

### Governors (Trustees):

Name	Position	Appointed	Name	Position	Appointed
<b>Directors</b>			<b>Parent Governors</b>		
David Bower	Chairman	1/2/2011	Paul Martin	Resp Officer	1/2/2011
	Director (LA)			Governor	
Timothy French*	Finance Committee	1/2/2011	David Hacon	Governor	1/2/2011
Mark Hewett*	Director (Community)		Peter Holloway	Governor	1/2/2011
	Finance Committee	1/2/2011	Anna Linley	Governor	1/2/2011
	Director (Parent)		Claire Songhurst	Governor	1/2/2011
<b>Staff Governors</b>			Malcolm Yates	Governor	1/2/2011
Maureen Johnson	Headteacher	1/2/2011	<b>Community / LA Governors</b>		
Jane Collins^	Governor	1/2/2011 –	Brian Buck	Governor	1/2/2011
Amanda Cross#	Teaching Staff	10/10/11	Rachel Davies	Governor	1/2/2011
Terry Norton#	Governor	1/12/11	Sue Fortune	Governor	1/2/2011
	Support Staff		Mary Mallett^	Governor	1/2/2011 -
	Governor				5/7/11
* members of the Finance Committee			Ed Metcalf	Governor	1/2/2011
^ two Governors have retired			All Governors listed above were appointed as		
# two new governors were appointed			Directors on 17/11/2011		

### Company Secretary:

Clair Wilkins (Appointed 1/2/2011)

### Senior Managers:

Headteacher  
Deputy Headteacher  
Director of Resources  
Assistant Headteachers

Maureen Johnson  
Ralph Butcher  
Clair Wilkins  
Sue Rumens, Sophie Clark, Sarah Forde

### Registered Office

Tudeley Lane, Tonbridge, Kent TN9 2JP

### Company Registration Number

7451660 (England and Wales)

### Auditors:

Williams Giles Limited  
Chartered Accountants and Registered Auditors  
12 Conqueror Court, Sittingbourne, Kent ME10 5BH

### Bankers:

Lloyds TSB, Tonbridge (309863) Branch,  
PO Box 1000 BX1 1LT

### Solicitors:

Thomson, Snell and Passmore  
3 Lonsdale Gardens, Tunbridge Wells, Kent TN1 1NX

### Surveyors (Land):

Howard Camfield  
DVS, 2 St Anne's Road, Eastbourne BN21 3LG

### Surveyors (Buildings):

Watts Group PLC  
1 Great Tower Street, London EC3R 5AA

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

The Governors present their report together with the financial statements of the charitable company for the period from 25 November 2010, the date of incorporation of the company, to 31 August 2011. The company commenced its activity as an Academy on 1 February 2011. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 14 to 16 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no 7451660). The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The articles of association require the members of the charitable company to appoint at least four Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

#### **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.

#### **Governors**

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The term of office for any governor is four years, excluding the Headteacher. Subject to remaining eligible to be a particular type of governor or being eligible to become another type of governor, any governor may stand for re-appointment or re-election.

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

During the period under review the Governors held 3 full governing body meetings, 6 strategy group meetings and the finance monitoring pairs met regularly throughout the period with the Director of Resources and Finance Manager. In addition there was a full day's facilitated training with all Governors covering Ofsted inspections in February 2011. Solicitors, Thomson, Snell and Passmore also attended a governing body meeting in November 2010 to explain the duties of the governing body prior to and following conversion to academy status.

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

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Responsibilities of the Governors**

Company law requires the Governors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the charitable company at the end of the financial period and of its incoming resources and application of resources, including its income and expenditure, for the financial period. In preparing financial statements giving a true and fair view, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

The Governors are responsible for the maintenance and integrity of the charitable company's website.

The Governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

##### **Organisational Structure**

The structure of the Academy consists of three levels: the Governors, the Senior Leadership Group and the Management Team. The aim of this structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

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

The Management Team comprises the Senior Leadership Group, four Senior Directors of Standards, one Senior Director of Development, three Directors of Standards, three Directors of Development and twelve Assistant Directors of Standards. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

##### **Statement on the system of internal finance control**

As Governors, we acknowledge we have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or disposition,
- The proper records are maintained and financial information used within the Academy or for publication is reliable,
- The Academy complies with relevant laws and regulations

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance and Resources Monitoring Pair 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

In addition, the Governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have

- set policies on internal controls which cover the following
  - the type of risks the Academy faces,
  - the level of risks which they regard as acceptable,
  - the likelihood of the risks materialising,
  - the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
  - the costs of operating particular controls relative to the benefits obtained,

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Statement on the system of internal finance control (continued)**

- clarified the responsibility of the Management Team to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the Governors together with details of corrective action being undertaken

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Paul Martin, a governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objects, aims and objectives**

The principal object and activity of the charitable company is the operation of the Weald of Kent Grammar School Academy to provide education for students of different abilities between the ages of 11 and 19.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period from 1 February 2011 to 31 August 2011 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to promote a responsible attitude to the health and well being of students,
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

#### **OBJECTIVES AND ACTIVITIES (continued)**

##### **Strategies and activities**

The Academy's main strategy is encompassed in its mission statement which is for all students to achieve "Academic Excellence, Personal Success" Activities provided include

- tuition and learning opportunities for all students to attain the best possible academic qualifications
- training opportunities for all staff (retaining Investors in People)
- a large variety of education visits for all subjects and in particular Modern Foreign Languages
- secondments and placing of students with commercial partners
- a programme of sporting and after school leisure activities for all students
- a system of after school clubs to allow students to explore a variety of extra-curricular activities
- work experience, work shadow days and a careers advisory service to help students move on to higher education or obtain employment

##### **Equal opportunities policy**

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

##### **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy The policy of the Academy is to support recruitment and retention of students and employees with disabilities The Academy does this by adapting the physical environment, by making support resources available and through training and career development

#### **ACHIEVEMENTS AND PERFORMANCE**

Total students for the period from 1 February 2011 to 31 August 2011 numbered 1079 (annualised) and the Academy has a full complement in all year groups The Academy will continue to admit 150 students each year, additional students may be accepted following appeal

Examination results for the 2011 academic year were excellent

- At A2, candidates achieved an average of 878 points per candidate (2010 average 833.2)
- There was a 99.5% pass rate (2010 99.5%), with only 2 students failing to pass all of their subjects
- 71.5% of grades were A\*-B (2010 65.9%)
- At AS level there was a 97.1% pass rate (2010 98.1%), with 32.9% Grade A (2010 25.6%)
- At GCSE 99.3% of grades were A\*-C (2010 97.4%) and 99.3% of students achieved 5 or more passes at this level (2010 97.4%) including English and Maths

A full range of National Curriculum subjects at Key Stage Three are offered The core curriculum consists of English Language and Literature, Double Mathematics, Double Science, RE, ICT and a Language at GCSE The GCSE curriculum also offers Drama, Music, PE, Art, Resistant Materials, Graphics, Food, History, Geography, Business Studies, French, German, Spanish and Japanese as Option subjects At AS and A2 level the curriculum choices comprise Art, Biology, Chemistry, Dance, Economics and Business, English Language, English Literature, French, Further Mathematics, Geography, German, History, Japanese, Mathematics, Media Studies, Music, Philosophy and Ethics, Physical Education, Physics, Product Design, Psychology, Sociology, Spanish and Theatre Studies

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

#### **ACHIEVEMENTS AND PERFORMANCE (continued)**

An Extended Project at Level 3 and the AQA Baccalaureate qualification are available to our Sixth Form students

Every Year 9 student undertakes a Work Shadow day. All Year 10 students undertake a week's work experience. Students in the Sixth Form who wish to study Veterinary Studies, Medicine or Law undertake relevant work experience.

To ensure that standards are continually raised the Academy

- operates a programme of observation of lessons,
- carries out routine, rigorous and robust monitoring of faculty areas and student cohorts,
- undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value.

The Academy also structures its performance management and staff development programmes so that they specifically meet both the needs of staff and the organisation.

The Academy has extensive community involvement and raised £2,673 for charity last year.

#### **FINANCIAL REVIEW**

##### **Financial report for the period**

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period from 1 February 2011 to 31 August 2011 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period from 1 February 2011 to 31 August 2011, total expenditure of £3,345,280 was more than covered by YPLA funding together with other incoming resources. The excess of income over expenditure for the period was £252,455 excluding the exceptional donation regarding the fixed assets acquired on conversion.

At 31 August 2011 the net book value of fixed assets was £17,980,825 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

##### **Reserves policy and financial position**

###### ***Reserves policy***

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to a month's expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £271,555. The Academy intends to continue building up free reserves.



## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **REPORT OF THE GOVERNORS FOR THE PERIOD FROM 1 FEB 2011 TO 31 AUG 2011**

#### **FINANCIAL REVIEW (continued)**

##### ***Financial position***

The Academy held fund balances at 31 August 2011 of £17,747,177 comprising £18,063,622 of restricted funds and £271,555 of unrestricted general funds and a pension reserve deficit of £588,000. The restricted funds total of £17,475,622 includes the fixed asset fund balance of £17,856,826.

The pension reserve deficit of £588,000 all relates to the Local Government Pension Scheme. The Scheme trustees are responsible for managing the assets of the Scheme and for determining the portfolio of investments and levels of contributions required in order to eliminate the deficit. A detailed analysis of the Scheme is provided in note 29 to the financial statements.

#### **PLANS FOR FUTURE PERIODS**

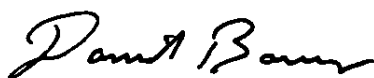
The Academy will continue to make a positive difference in the education we deliver, by successfully creating opportunities for our students across all Key Stages to achieve high academic results whilst still affording them a platform to extend their personal qualities, talents and interests. We believe both to be essential to enjoy a successful adult life and to open doors to the careers to which they aspire.

In 2011 our students achieved record results at both GCSE and A level, but we are not complacent. We insist that considered investment in training and pedagogical based initiatives plus our commitment to the Brook Teaching School Alliance is at the heart of our strategic planning to ensure the learning experience for our students moves with the times whilst maintaining the traditions of good manners, discipline and respect for others. Working supportively alongside parents and students we believe is essential to our aim of continuing to provide an outstanding education both for the students who join the school in Year 7 but also those that commence their education post 16 in our coeducational Sixth Form.

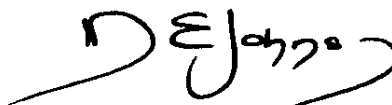
#### **AUDITORS**

The auditors, Williams Giles Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The report of the Governors was approved by the Governors on 12 December 2011 and signed on their behalf by



**David Bower**  
Chairman



**Maureen Johnson**  
Headteacher

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **Independent Auditor's Report to the members of Weald of Kent Grammar School Academy Trust**

We have audited the financial statements of Weald of Kent Grammar School Trust for the period ended 31 August 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency.

This report is made solely to the Academy'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 Academy'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 Academy and its 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 3], the governors (who are also the directors of the academy 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**

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 academy'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 academy's affairs as at 31 August 2011, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- 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 the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **Independent Auditor's Report to the members of Weald of Kent Grammar School Academy Trust (continued)**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Opinion on other matter prescribed by the academy's funding agreement with the Secretary of State for Education**

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

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

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

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



**A C. Crawford FCA (Senior Statutory Auditor)**  
**For and on behalf of**  
**Williams Giles**  
**Chartered Accountants and Statutory Auditors**  
**5 Conqueror Court**  
**Sittingbourne**  
**Kent**  
**ME10 5BH**

**Date 12 December 2011**

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Statement of Financial Activities for the period ended 31 August 2011

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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2011 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	110,532	-	136,000	246,532
Exceptional Donation	3	-	-	18,104,722	18,104,722
Activities for generating funds	4	14,529	-	-	14,529
Investment income	5	1,611	-	-	1,611
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	6	142,530	2,961,223	81,394	3,185,147
Other incoming resources	7	149,916	-	-	149,916
<b>Total incoming resources</b>		<b>419,118</b>	<b>2,961,223</b>	<b>18,322,116</b>	<b>21,702,457</b>
<b>Resources expended</b>					
<i>Charitable activities</i>					
Academy's educational operations	9	122,563	2,729,035	215,235	3,066,833
Development costs	10	-	-	250,055	250,055
Governance costs	11	-	28,392	-	28,392
<b>Total resources expended</b>	8	<b>122,563</b>	<b>2,757,427</b>	<b>465,290</b>	<b>3,345,280</b>
<b>Net incoming resources before other recognised gains and losses</b>		<b>296,555</b>	<b>203,796</b>	<b>17,856,826</b>	<b>18,357,177</b>
<b>Other recognised gains and losses</b>					
Refund of overpaid grant	12	(25,000)	-	-	(25,000)
Pension scheme liability	29	-	(597,000)	-	(597,000)
Actuarial gains on defined benefit pension schemes	20,29	-	12,000	-	12,000
<b>Total funds carried forward at 31 August 2011</b>		<b>271,555</b>	<b>(381,204)</b>	<b>17,856,826</b>	<b>17,747,177</b>

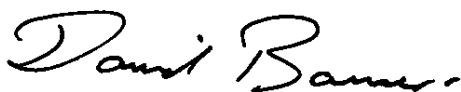
All of the Academy's activities derive from operations acquired during the period

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

**WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**  
**Balance Sheet as at 31 August 2011**

	Notes	2011 £
<b>Fixed assets</b>		
Tangible assets	16	17,980,825
<b>Current assets</b>		
Debtors	17	268,763
Cash at bank and in hand		<u>611,425</u>
Total current assets		880,188
<b>Creditors</b> : Amounts falling due within one year	18	<u>(354,471)</u>
<b>Net current assets</b>		<u>525,717</u>
Total assets less current liabilities		18,506,542
<b>Creditors</b> : Amounts falling due after more than one year	19	<u>(171,365)</u>
<b>Net assets excluding pension liability</b>		18,335,177
Pension scheme liability	29	<u>(588,000)</u>
<b>Net assets including pension liability</b>		<u>17,747,177</u>
<b>Funds of the academy</b>		
<b>Restricted funds</b>		
Fixed asset fund(s)	20	17,856,826
General fund(s)	20	206,796
Other	20	<u>(588,000)</u>
<b>Total restricted funds</b>		<u>17,475,622</u>
<b>Unrestricted funds</b>		
General fund		218,146
School fund		<u>53,409</u>
<b>Total unrestricted funds</b>	20	<u>271,555</u>
<b>Total Funds</b>		<u>17,747,177</u>

The financial statements on pages 11 to 27 were approved by the Governors, and authorised for issue on 12 December 2011 and signed on their behalf by



**David Bower**  
Chairman



**Maureen Johnson**  
Headteacher

**WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**  
**Cash Flow Statement for the period ended 31 August 2011**

		2011 £
<b>Net cash inflow from operating activities</b>	23	<b>700,010</b>
Returns on investments and servicing of finance	24	1,611
Capital expenditure	25	(90,196)
<b>Increase in cash in the year</b>	26	<b><u>611,425</u></b>
<b>Net funds at 31 August 2011</b>		<b><u>611,425</u></b>

# **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

## **Notes to the Financial Statements for the period ended 31 August 2011**

### **1 Statement of Accounting Policies**

#### **Basis of accounting**

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

#### **Incoming resources**

##### ***Grants receivable***

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

##### ***Sponsorship income***

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

##### ***Donations***

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

##### ***Other income***

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

##### ***Donated services and gifts in kind***

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

#### **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 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 incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

##### ***Charitable activities***

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

## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

#### **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT

#### **Tangible fixed assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

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

#### **Depreciation**

Depreciation is provided on all 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 life, as follows

Buildings	2%
Furniture and equipment	10%
Computer equipment and software	20%

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 a straight line basis over the lease term.

#### **Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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.



## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

#### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 29, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

#### ***Defined contribution scheme***

The Academy also operates a defined contribution scheme. The assets of this scheme are held separately from those of the Academy, being invested with insurance companies. The pension costs for the scheme represent the contributions payable by the Academy in the year.

#### **Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the YPLA/DfE/Other 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 YPLA/DfE.

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 2 General Annual Grant (GAG)

#### Results and Carry Forward for the Year

	2011 £
GAG allocation for current year	2,845,707
<b>Total GAG available to spend</b>	<b>2,845,707</b>
Recurrent expenditure from GAG	(2,757,426)
<b>GAG carried forward to next year</b>	<b>88,281</b>

Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)

(341,485)

#### GAG to surrender to DfE

(12% rule breached if result is positive)

(253,203)

no breach

### 3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	2011 Total £
Donations - Capital	-	136,000	136,000
Other Donations	110,532	-	110,532
Exceptional donation	-	18,104,722	18,104,722
	<b>110,532</b>	<b>18,240,722</b>	<b>18,351,254</b>

The exceptional donation represents the value of the fixed assets acquired on conversion at valuation, consisting of freehold land and buildings, furniture, equipment, motor vehicles and computer equipment

### 4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	2011 Total £
Hire of Facilities	14,321	-	14,321
Catering Income	138	-	138
Sundry income	70	-	70
	<b>14,529</b>	<b>-</b>	<b>14,529</b>

### 5 Investment Income

	Unrestricted Funds £	Restricted Funds £	2011 Total £
Short term deposits	1,611	-	1,611

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 6 Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
<b>DfE/YPLA capital grant</b>			
Devolved Formula Capital allocations	-	39,944	39,944
Capital funding rolled over on conversion		41,450	41,450
	<u>-</u>	<u>81,394</u>	<u>81,394</u>
<b>DfE / YPLA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	2,845,707	2,845,707
School Standards Fund	-	2,250	2,250
Other DfE / YPLA grants	-	51,242	51,242
	<u>-</u>	<u>2,899,199</u>	<u>2,899,199</u>
<b>Other Government grants</b>			
School budget share rolled over on conversion	142,530		142,530
School Standards Funds	-	62,024	62,024
	<u>142,530</u>	<u>62,024</u>	<u>204,554</u>
	<u>142,530</u>	<u>3,042,617</u>	<u>3,185,147</u>

### 7 Other incoming resources

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
Sundry income	15,775	-	15,775
Cash balances on conversion	134,141	-	134,141
	<u>149,916</u>	<u>-</u>	<u>149,916</u>

### 8 Resources Expended

	Staff Costs £	Non Pay expenditure Premises £	Other Costs £	Total 2011 £
Costs of generating voluntary income	-	-	-	-
Academy's educational operations				
Direct costs	1,896,529	32,957	266,636	2,196,122
Allocated support costs	253,160	626,951	240,655	1,120,766
	<u>2,149,689</u>	<u>659,908</u>	<u>507,291</u>	<u>3,316,888</u>
Governance costs including allocated support costs	3,000	-	25,392	28,392
	<u>2,152,689</u>	<u>659,908</u>	<u>532,683</u>	<u>3,345,280</u>

### Net (Incoming)/outgoing resources for the period include:

	2011 £
Operating leases	13,980
Fees payable to auditor - audit	7,250
- other services	1,250
Other Assets at Valuation on conversion	<u>(18,104,722)</u>

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 9 Charitable Activities - Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
<b>Direct costs</b>			
Teaching and educational support staff costs	3,724	1,892,805	1,896,529
Depreciation	-	32,957	32,957
Educational supplies	1,494	18,006	19,500
Examination fees	8,207	86,085	94,292
Staff development	-	9,780	9,780
Educational consultancy	-	24,392	24,392
Other direct costs	109,138	99,535	118,673
	<b>122,563</b>	<b>2,073,560</b>	<b>2,196,123</b>
<b>Allocated support costs</b>			
Support staff costs	-	253,160	253,160
Depreciation	-	181,136	181,136
Recruitment and support	-	39,059	39,059
Maintenance of premises and equipment	-	101,404	101,404
Cleaning	-	50,568	50,568
Rent & rates	-	20,630	20,630
Light and heat	-	57,467	57,467
Insurance	-	22,504	22,504
Security and transport	-	653	653
Catering	-	5,662	5,662
Bank interest and charges	-	198	198
Bank loan interest	-	1,143	1,143
Printing, postage and stationery	-	9,811	9,811
Telephone	-	3,285	3,285
Advertising and marketing	-	1,806	1,806
Furniture and equipment	-	6,847	6,847
Technology costs	-	93,124	93,124
Other support costs	-	22,253	22,253
	<b>-</b>	<b>870,710</b>	<b>870,710</b>
	<b>122,563</b>	<b>2,944,270</b>	<b>3,066,833</b>

### 10 Development Costs

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
Major repairs and refurbishments of existing facilities	-	250,055	250,055

### 11 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
Legal and professional fees	-	13,747	13,747
Auditors' fees			
Audit of financial statements	-	7,250	7,250
Other services	-	1,250	1,250
Payroll costs	-	3,145	3,145
Support costs	-	3,000	3,000
	<b>-</b>	<b>28,392</b>	<b>28,392</b>

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 12 Refund of overpaid grant

This is a provision for an amount of £25,000 paid to KCC on 3 October 2011 in relation to an overpayment made in error on 6th June 2008. This payment has been made from unrestricted funds, and will be offset against the cash balance rolled over on conversion.

### 13 Staff costs

Staff costs during the period were

	Total 2011 £
Wages and salaries	1,767,611
Social security costs	109,733
Other pension costs	256,873
	<u>2,134,217</u>
Supply teacher costs	15,473
	<u>2,149,690</u>

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

	2011 No
<b>Charitable Activities</b>	
Teachers	79
Administration and support	38
Management	1
	<u>118</u>

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

	2011 No.
£90,001 - £100,000	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contribution for this member of staff amounted to £7,650.

### 14 Governors' remuneration and expenses

Head teacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff and not in respect of their services as governors. Gross salary payments to head teacher and staff governors totalled £81,148 and employers pension contributions totalled £11,442. Other governors did not receive any payments from the Academy in respect of their role as governors.

Related party transactions involving the trustees are set out in note 30.

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statement for the period ended 31 August 2011 (continued)

### 15 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2011 was £853.

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

### 16 Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
Assets inherited on conversion	17,622,000	313,551	149,696	19,475	18,104,722
Other additions	-	82,651	7,545	-	90,196
At 31 August 2011	17,622,000	396,202	157,241	19,475	18,194,918
<b>Depreciation</b>					
Charged in year	171,500	23,112	18,345	1,136	214,093
At 31 August 2011	171,500	23,112	18,345	1,136	214,093
<b>Net book values</b>					
At 31 August 2011	17,450,500	373,090	138,896	18,339	17,980,825

Inherited assets have been brought in at valuation at the date of conversion.

Included within freehold land and buildings is £2,922,000 in respect of freehold land which is not depreciated.

Freehold land was valued by the District Valuer Service.

Buildings were valued by one of the governors, experienced in the valuation of such assets. No charge was made for carrying out this valuation.

Valuations for other classes of assets were estimated by the management and teaching staff of the Academy having regard to the original cost and the age and condition of the assets on the date of conversion.

### 17 Debtors

	2011 £
Prepayments	16,897
Accrued income	139,365
VAT recoverable	112,501
	<u>268,763</u>

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 18 Creditors: amounts falling due

	2011 £
Trade creditors	177,290
Taxation and social security	59,283
Other creditors	1,737
Accruals and deferred income	57,876
Loans	58,285
	<u>354,471</u>

### 19 Creditors: amounts falling due

	2011 £
Loans due within 1-2 years	57,143
Loans due within 2-5 years	114,222
	<u>171,365</u>

### 20 Funds

	Incoming resources £	Resources expended £	Gains Losses and transfers £	Balance at 31 August 2011 £
<b>Restricted general funds</b>				
General Annual Grant (GAG)	2,961,223	(2,754,427)	-	206,796
Pension reserve	-	(3,000)	(585,000)	(588,000)
	<u>2,961,223</u>	<u>(2,757,427)</u>	<u>(585,000)</u>	<u>(381,204)</u>
<b>Restricted fixed asset funds</b>				
DfE/YPLA capital grants	81,394	(114,055)	-	(32,661)
Other donations	136,000	(136,000)	-	-
Assets acquired on conversion at valuation	18,104,722	(215,235)	-	17,889,487
	<u>18,322,116</u>	<u>(465,290)</u>	<u>-</u>	<u>17,856,826</u>
<b>Total restricted funds</b>	<u>21,283,339</u>	<u>(3,222,717)</u>	<u>(585,000)</u>	<u>17,475,622</u>
<b>Unrestricted funds</b>				
Unrestricted funds	419,118	(122,563)	-	296,555
Exceptional costs	-	(25,000)	-	(25,000)
<b>Total unrestricted funds</b>	<u>419,118</u>	<u>(147,563)</u>	<u>-</u>	<u>271,555</u>
<b>Total funds</b>	<u>21,702,457</u>	<u>(3,370,280)</u>	<u>(585,000)</u>	<u>17,747,177</u>

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

Restricted general funds are to be applied for the main educational activities of the academy. Within this fund the General Annual Grant (GAG) must be used for the normal running costs of the academy.

Restricted fixed asset funds are to be applied for the acquisition of new fixed assets and to the replacement and maintenance of existing assets, including land and buildings.

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 21 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total Asset Funds
	£	£	£	£
Tangible fixed assets	-	-	17,980,825	17,980,825
Current assets	271,555	502,982	105,651	880,188
Current liabilities	-	(296,186)	(58,285)	(354,471)
Long term liabilities	-	-	(171,365)	(171,365)
Pension scheme liability	-	(588,000)	-	(588,000)
<b>Total net assets</b>	<b>271,555</b>	<b>(381,204)</b>	<b>17,856,826</b>	<b>17,747,177</b>

### 22 Financial commitments

#### Operating leases

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

	2011 £
<u>Other</u>	
Expiring within two and five years inclusive	13,980

### 23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	£
Surplus on continuing operations after depreciation of assets at valuation	18,357,177
Depreciation (note 16)	214,093
Exceptional Donation	(18,104,722)
Interest receivable (note 5)	(1,611)
FRS 17 pension cost less contributions payable (note 29)	(13,000)
FRS 17 pension finance income (note 29)	16,000
Increase in debtors	(268,763)
Increase in creditors	525,836
Additional sum repayable to KCC for a previous year	(25,000)
<b>Net cash inflow from operating activities</b>	<b>700,010</b>

### 24 Returns on investments and servicing of finance

Interest received	1,611
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>1,611</b>

### 25 Capital expenditure and financial investment

Purchase of tangible fixed assets	(90,196)
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(90,196)</b>

### 26 Analysis of changes in net funds

	2011 £
Cash in hand and at bank	611,425
	611,425



## **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

### **Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

#### **27 Contingent Liabilities**

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the YPLA

Should the funding agreement be terminated for any reason, the Academy shall repay to the YPLA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the YPLA

#### **28 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

#### **29 Pension and similar obligations**

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

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

##### **Teachers' Pension Scheme (TPS)**

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective
Investment returns per annum	6.5 per cent
Salary scale increases per annum	5.0 per cent
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 February 2011 to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

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

Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 29 Pension and similar obligations (continued)

#### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2011 was £82,000, of which employer's contributions totalled £65,000 and employees' contributions totalled £17,000. The agreed contribution rates for future years are 23.1 per cent for employers and 6.5 per cent for employees.

#### Principal Actuarial Assumptions

At 31 August  
2011

Rate of increase in salaries	4.90%
Rate of increase for pensions in payment / inflation	2.60%
Discount rate for scheme liabilities	5.40%
Inflation assumption (CPI)	2.60%
Commutation of pensions to lump sums	50%

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

At 31 August  
2011

#### *Retiring today*

Males	19.8
Females	23.9

#### *Retiring in 20 years*

Males	21.9
Females	25.8

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

	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £
Equities	6.90%	263,000
Gilts	3.80%	4,000
Other bonds	5.40%	50,000
Property	4.90%	32,000
Cash	3.00%	11,000
<b>Total market value of assets</b>		<b>360,000</b>
Present value of scheme liabilities		
- Funded		(948,000)
<b>Surplus/(deficit) in the scheme</b>		<b>(588,000)</b>

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

# WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 29 Pension and similar obligations (continued)

#### Local Government Pension Scheme (LGPS) (continued)

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 February 2011 for the year to 31 August 2011). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets was £3,000

#### Total expenditure recognised in the Statement of Financial Activities

	2011 £
Current service cost (net of employee contributions)	52,000
Past service cost	<u>0</u>
Total operating charge	<u>52,000</u>

#### Analysis of pension finance income / (costs)

Expected return on pension scheme assets	(13,000)
Interest on pension liabilities	<u>29,000</u>
Pension finance income / (costs)	<u>16,000</u>

The actual 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 £10,000 loss.

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

	2011 £
Opening defined benefit liabilities at 1 February 2011	872,000
Current service cost	52,000
Interest cost	29,000
Employer contributions	17,000
Actuarial (gain)	<u>(22,000)</u>
Closing defined benefit liabilities at 31 August 2011	<u>948,000</u>

# **WEALD OF KENT GRAMMAR SCHOOL ACADEMY TRUST**

## **Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

### **29 Pension and similar obligations (continued)**

#### **Local Government Pension Scheme (LGPS) (Continued)**

##### **Movements in the fair value of Academy's share of scheme assets.**

	<b>2011</b>
	<b>£</b>
<b>Opening fair value of plans' assets at 1 February 2011</b>	275,000
Expected return on assets	13,000
Actuarial losses	(10,000)
Employer contributions	65,000
Employee contributions	17,000
<b>Opening fair value of plans' assets at 31 August 2011</b>	<b><u>360,000</u></b>

The estimated value of employer contributions for the year ended 31 August 2012 is £105,000

##### **The five-year history of experience adjustments is as follows**

	<b>2011</b>
	<b>£</b>
Defined benefit obligation at end of year	(948,000)
Fair value of plan assets at end of year	<u>360,000</u>
Deficit	<b><u>(588,000)</u></b>
<b>Experience adjustments on share of scheme assets</b>	<b><u>(10,000)</u></b>

### **30 Related Party Transactions**

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

Three of the Academy's Governors, D Bower, M Hewett and T French, are trustees of the Weald of Kent Development Trust, (registered charity no 1116331). This charity's objective is to advance the education of students across the West Kent Community, in particular by providing funding for the continued improvement of the learning environment on the Weald of Kent Grammar School site.

The Weald of Kent Development Trust's policy on reserves is that remaining funds are held to fund improvement works and equipment requirements to support the learning of the students and the community. At 31st March 2011 (the date of the most recent independently examined financial statements) the Trust had reserves of £193,456.

During the period ended 31 August 2011, the Academy received £136,000 from the Weald of Kent Development Trust.