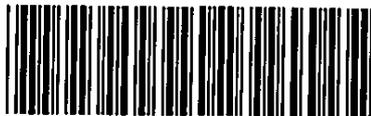


DR CHALLONER'S GRAMMAR SCHOOL
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2011

TUESDAY



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COMPANIES HOUSE

Company Limited by Guarantee
Registration Number:
07451811 (England and Wales)

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REFERENCE AND ADMINISTRATIVE INFORMATION

Members (Trustees):	Mrs Jane Penton-Hauchard Dr Mark Pegg Dr Mark Fenton Mrs Isobel Darby Mrs Susanne Lawson Dr John Maynard Mr Richard Brisbane Mrs Carol Bevins
Directors (Governors):	Mrs Jane Penton-Hauchard (Chairman)* Dr Mark Pegg (Vice Chairman) Dr Mark Fenton (Headmaster)* Mrs Isobel Darby (Chairman of Finance Committee)* Dr John Maynard* Mr Richard Brisbane* (end of term 31 August 2011) Mr Jamie Buckridge Mr Ashley England* Mr Mark Gardiner Mr Mark Haines* Mr Brian Hardie Mr Chris Hardy Mr Tony Kilbourn Ms Toni Nicholls Mr Simon Partridge* Mrs Patricia Swain Mr Chris Veys* Ms Jane Wainwright
<i>Denotes member of the Finance Committee (*)</i>	
Company Secretary	Mr Sean Kennedy
Senior managers	
Headmaster	Dr Mark Fenton
Deputy Headmaster	Mr Chris Clare
Deputy Headmaster	Mr Mark Sturgeon
Resources Director	Mr Sean Kennedy
Registered Office	Dr Challoner's Grammar School Chesham Road Amersham Buckinghamshire HP6 5HA
Company Registration Number	07451811 (England and Wales)
Auditors	MacIntyre Hudson LLP 31 Castle Street High Wycombe Buckinghamshire HP13 6RU
Bankers	Barclays Bank PLC 90-93 Broad Street Reading Berkshire RG1 2AP
Solicitors	Stone King Sewell 16 St John's Lane London EC1M 4BS

REPORT OF THE GOVERNORS FOR PERIOD ENDING 31 AUGUST 2011

Governors Report

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

Dr Challoner's Grammar School was the first school in Buckinghamshire to convert to an academy under the powers of the Academies Act 2010

Under this Act an Academy Trust was formed. The Academy Trust is a new company limited by guarantee and was incorporated under the Companies Act 2006 on 25 November 2010

The Academy Trust entered into a funding agreement with the Secretary of State for Education on 22 December 2010 whereby the Secretary of State agreed to make payments to the Academy Trust in return for the Academy Trust undertaking to establish and maintain, and to carry on or provide for the carrying on of an independent school - Dr Challoner's Grammar School

The operation of the independent school commenced on 1 January 2011. The independent school replaced the existing foundation school (also called Dr Challoner's Grammar School) that was maintained by Buckinghamshire County Council

Academies are exempt charities. This means that the company is a charity but that it does not have to register with the Charity Commission. This is because it is already regulated by Department for Education, which fulfils the role of the 'Principal Regulator'

The new company operates on a financial year 1 September to 31 August. Therefore these accounts are prepared for the period 25 November 2011 to 31 August 2011

As the Academy did not commence operations until 1 January 2011 the transactions within these accounts are for an 8 month rather than a 12 month period. There are also no prior year comparators

The surplus of the existing foundation school as at 31 December 2011 (£419,700) was transferred to the Academy in this financial year and the income is shown in the Statement of Financial Activities

The financial statements have been prepared in accordance with the accounting policies disclosed in note 1 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

Dr Challoner's Grammar School is a company limited by guarantee with no share capital (registration no 07451811). The company's memorandum and articles of association are the primary governing documents of the company

Members of the charitable company were agreed by the predecessor school's governing body and the Secretary of State for Education. The Members act as the Trustees for the charitable activities of Dr Challoner's Grammar School

The articles of association require the Members of the charitable company to appoint at least three Governors to act as Directors with responsibility for the statutory and constitutional affairs of the charitable company and the management of the Academy

Details of Members and Governors who served throughout the financial year are detailed in the Reference and Administration information on page 3

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' Indemnities

The Articles of Association state that every Governor shall be indemnified out of the assets of the Academy Trust against any liability by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust

The Academy also has employers liability insurance, public liability insurance and professional indemnity insurance

Principal Activities:

The principal object of the charitable company is *"establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum"*

This object is met via the operation of the Dr Challoner's Grammar School that provides education for boys between the ages of 11 and 19 in accordance with its Articles

Method of Recruitment and Appointment or Election of Governors

The members of the governing body of the predecessor school as at 31 December 2010 were appointed as governors during the course of January 2011 to serve out their remaining terms of office. The exception to this was that the governor previously appointed by the local authority was replaced with an additional staff governor

When appointing governors the following is taken into consideration

The Articles of the Academy Trust require the make up of the governors to be as follows

- 3 staff governors appointed via staff election
- 3 parent governors elected by parents of registered pupils of the Academy
- **Up to 8** community governors appointed by the Members. There must always be at least 3 community governors that are parents of pupils at the Academy
- **Up to 5** co-opted governors appointed by the governors that have not themselves been co-opted
- The Head teacher is an ex officio governor

Governors who are employees of the academy (including the head teacher) cannot exceed one third of the total number of governors

The structure of the governing body that was in place throughout the year was 18 governors as follows

- 5 non-parent community governors
- 6 parent governors
- 3 co-opted governors
- 3 staff governors
- 1 Headteacher

The term of office for any governor shall be 4 years excepting

- The Head Teacher
- Staff governors if they cease to be employed by the Academy
- The term of office can be less than for years for any governor other than a parent governor

In general governors are replaced as and when they reach the end of the term of their office. Subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Governors

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 school 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.

Organisational Structure

The structure consists of three levels: the Governors, Senior Leadership Team and Budget Holders.

The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Governors are also responsible for approving the Finance Manual under which the school's finances operate.

The Headmaster has overall executive responsibility for the academy's activities including financial activities. Much of the responsibility for financial activities has been delegated to the Resources Director.

The Headmaster is responsible for the appointment of all staff with the exception of the 2 Deputy Headmasters and the Resources Director which is done in conjunction with the Governors.

The Senior Leadership Team comprises the Headmaster, 2 Deputy Headmasters, Resources Director and 5 Assistant Headteachers. The Senior Leadership Team control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Senior Leadership team meets weekly and is collectively responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Spending control is devolved to budget holders, with expenditure above certain limits needing additional authorisation from either the Senior Managers or the Governors (or both).

Connected Organisations and Related Party Relationships

Dr Challoner's Grammar School is not controlled in how it manages its operations in delivering its objectives by a third party.

Although it does not have a controlling interest, Dr Challoner's Grammar School does have strong links with the following organisations:

- Dr Challoner's School Educational Trust
- Dr Challoner's Grammar School Fund

- DCGS Enterprises Limited
- The Friends of Dr Challoner's Grammar School

Further details of the relationship with these organisations are given in notes 28 and 29 to the financial statements

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is *"establishing, maintaining, carrying on, managing and developing a school [the Academy] offering a broad and balanced curriculum"*

The Academy's Vision Statement of "Excellence with Integrity" underpins the following aims

In partnership with parents, Dr Challoner's Grammar School seeks to promote academic excellence and mutual respect by working with its students to

- Develop independent, enquiring minds
- Encourage reflective and rigorous life-long learning
- Engender self-esteem and sensitivity to others
- Foster creativity and originality
- Encourage active participation in the life of the school and its community
- Nurture compassion, honesty and spiritual awareness
- Acquire flexible skills for a rapidly changing world

We believe that our students will succeed through experiencing

- A broad and challenging curriculum
- Rich and varied extra-curricular activities
- Imaginative and innovative teaching
- Opportunities for responsibility, teamwork and leadership
- A secure and stimulating learning environment
- Support, challenge and the encouragement to succeed
- Participation in a learning community

Strategies and Activities

The Academy has the following goals that are linked to the vision

- 1 Every student is supported in becoming a confident learner
- 2 Results in all subjects at GCSE to exceed value added averages for Bucks grammar schools, and results in all subjects at A level to exceed value added (ALIS) expectations
- 3 Every student contributes positively to a healthy and safe community
- 4 Students' learning is supported by a high quality environment and effective services
- 5 Students' learning benefits from the school's commitment to its staff and the effective use and development of their skills.

To ensure that these goals are met the school sets strategic targets within its School Improvement Plan in the following areas

- Learning and Teaching
- School Community
- Workforce and Business Development
- Property and Services Development

These targets are owned by a member of the Senior Leadership Team and progress on these is monitored throughout the year

Public Benefit

The Governors have complied with our duty to have due regard to the Charity Commission's guidance on Public Benefit

ACHIEVEMENTS AND PERFORMANCE

Dr Challoner's Grammar School was the first "outstanding" school in Buckinghamshire to become an Academy

The total students in the year ended 31st August 2011 numbered 1282 and the Academy has a full complement in all year groups

Examination results for 2011 were outstanding. At A level, 84% of the grades were A*, A or B, with 24% being A*. At GCSE, 100% of boys achieved at least 5 A*-C grades including English and Maths and 92% of the year group achieved at least 5 A*/A grades. These results set new records. 19 students were made offers of places at Oxford and Cambridge universities.

To ensure that standards are continually raised, the school operates a comprehensive self-evaluation programme which includes observation of lessons, scrutiny of students' work, questionnaires and focus groups.

FINANCIAL REVIEW

Financial report for the year

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

The Academy also receives grants for fixed assets from the YPLA / DfE and other donors. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2011, total expenditure of £4,272K was more than covered by recurrent grant funding from the YPLA / DfE together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and pension funds) was £444K.

At 31 August 2011 the net book value of fixed assets was £11,917K and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land and buildings transferred to the Academy at its inception were donated from 2 separate sources.

Prior to conversion, the playing fields and other pieces of land for the school were formally owned by the governing body of the predecessor school. This ownership has now directly transferred to the Academy.

Prior to conversion, the footprint of the buildings and other pieces of land for the school was held pursuant to certain historic charitable trusts. The land was permanent endowment (meaning that the capital value of the land must be retained and cannot be disposed of – only income from that capital may be expendable). Permanently endowed property cannot be held by an incorporated charity such as the Academy.

This element of land continues to be "held" by its historic trust (which is not itself a company, but just

a historic type of arrangement for holding charitable assets) The Charity Commission has created an order that made Dr Challoner's Grammar School the sole corporate trustee of that Land Trust

For legal reasons a lease is being put in place between the Academy (in its role as corporate trustee) and the Academy (as occupier of the land) For the purpose of these accounts these land and buildings have been consolidated as freehold land and buildings in the Academy's accounts

Accounting policy 1 5 1 provides more detail regarding the valuation of the assets transferred at inception

Principal Risks and Uncertainties:

The nature of the academy is such that the main financial instruments that it deals in are mainly bank balances, cash, trade creditors and limited trade debtors The Academy has not made any investments in the period other than holding the cash in its bank account As such there is limited risk in the nature of the academy's transactions

The academy currently has healthy levels of reserves and the liquidity risk, credit risk and cashflow risk to the academy is very low

The Academy has inherited a pension deficit from the local authority but this is not seen to provide any significant risk to the Academy (see below)

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

In reviewing the levels of reserves the Governors have particular regard to the likely levels of future income to be received from the YPLA / DfE that are likely to reduce significantly over the next few years

The governors have determined that the appropriate level of restricted funds in relation to YPLA / DfE grant income should be maintained at a level as high as possible, without risking the claw back of monies

The reason for this is to provide a buffer to enable the Academy to effectively manage reductions in spending across the period in which its funding will be cut to minimise the impact of these reductions on the education of the boys

The level and volume of transactions in relation to free reserves is relatively low in comparison to the overall activity of the Academy The governors have determined that the level of free reserves should be kept as high as possible in the short term to assist in providing the buffer against future years reduction in grant funding

Financial position

The Academy held fund balances at 31 August 2011 of £11,365K comprising

Unrestricted	£33K	
Restricted (remaining surplus from predecessor school)	<u>£411K</u>	
Total reserves readily available for spend		£444K
Restricted (Fixed Assets)		£11,917K
Restricted (Pensions)		<u>-£996K</u>
Total reserves		£11,365K

The pension reserve deficit is in relation to the local government pension scheme It is being tackled by the school contributing to the pension fund Upon advice from the actuary the school contributes

the equivalent of 22.8% of the payroll of employees who are members of the local government pension scheme. Of this amount 9.1% is being used to reduce the deficit directly. The actuary has estimated that, on this basis, the school will fully fund its share of the deficit within 12 years.

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave.

The largest project on the horizon is the £1m enhancement to the Academy's 6 form facilities to better prepare our students for university life. The build is due to commence in the spring of 2012 and will be concluded by the spring of 2013. Three quarters of this project will be funded by donations from parents.

AUDITORS

The auditors, McIntyre Hudson LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

In so far as the governors are aware:

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

The report of the governors was approved by the governors on 29 November 2011 and signed on their behalf by



Jane Penton-Hauchard
Chairman of Governors

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Dr Challoner's Grammar School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headmaster, 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 Dr Challoner's Grammar School and the Secretary of State for Education. The Headmaster is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the school's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Dr Challoner's Grammar School for the period ending 31 August 2011 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which Dr Challoner's Grammar School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Governing Body is of the view that throughout the Academy's inaugural period there was an effective informal process for identifying, evaluating and managing the school's significant risks. These informal processes include the weekly senior management meetings where key risks were discussed and the governor meetings at which key risks were brought to the governors' attention.

The Governing Body is of the view that throughout the next year it will seek to improve in this area and formalise its process for identifying, evaluating and managing the school's significant risk.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body
- Regular reviews by the Finance Committee of reports that indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial performance,
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties,

- Identification and management of risks

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 Chris Veys, 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 termly basis the RO reports to the finance committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of effectiveness

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

- The work of the Responsible Officer
- The work of the external auditor
- The financial management and governance self assessment process,
- The work of the senior leadership team 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 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 29 November 2011 and approved on its behalf by



Jane Penton-Hauchard
Chair of Governors



Dr Mark Fenton
Accounting Officer

STATEMENT OF GOVERNORS RESPONSIBILITIES

The Governors (who act as directors of the Company for the purposes of company law) are responsible for preparing the governors report and the financial statements in accordance with the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency (YPLA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations

Company law requires the governors to prepare financial statements for each financial period Under company law 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 those resources, including its income and expenditure, for the financial 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 operation

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

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

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

Approved by order of the members on the Governing Body on 29 November 2011 and signed on its behalf by.


Jane Penton-Hauchard
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR CHALLONERS GRAMMAR SCHOOL FOR THE PERIOD ENDED 31 AUGUST 2011 (Company number: 07451811)

We have audited the financial statements of Dr Challoner's Grammar School 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 and 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 charitable company's members, as a body, in accordance with chapter 3 of section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

The responsibilities of the Governors (who also act as directors of Dr Challoner's Grammar School for the purposes of company law) for preparing the Governors' Report and the financial statements and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Governors on page 13.

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 trustees, and the overall presentation of the financial statements.

In addition we read all the financial and non financial information in the trustees' annual 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 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
- have been prepared in accordance with the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees' 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
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit,

Bianca

BIANCA SILVA ACA
(Senior Statutory Auditor)
For and on behalf of
MACINTYRE HUDSON LLP
Statutory Auditor and Chartered Accountants

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

29 November 2011

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)

(Income is shown negative Expenditure is shown positive)		Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
	Note				
Incoming Resources					
<i>Incoming resources for generated funds</i>					
Voluntary Income	3	£0	-£601	-£11,704	-£12,305
Activities for generating funds	4	-£33	-£41	£0	-£74
Investment Income	5	£0	£0	£0	£0
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	6	£0	-£4,102	-£126	-£4,229
Total Incoming Resources	17	-£33	-£4,745	-£11,830	-£16,608
Resources Expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	7	£0	£42	£8	£50
<i>Charitable activities</i>					
Academy's educational operations	8	£0	£4,039	£146	£4,185
Governance costs	9	£0	£37	£0	£37
Total Resources Expended	17	£0	£4,118	£154	£4,272
Net movement in resources before transfers					
		-£33	-£627	-£11,676	-£12,336
Gross transfers between funds	17	£0	£241	-£241	£0
Net movement in resources before other recognised gains and losses		-£33	-£386	-£11,917	-£12,336
Actuarial (losses) / gains on defined benefit pension schemes	17,27	£0	-£18	£0	-£18
Other recognised (losses) / gains	17		£989		£989
Net Movement in Funds		-£33	£585	-£11,917	-£11,365
Total Funds B/F at 25 November 2010	17	£0	£0	£0	£0
Funds carried forward as at 31 August 2011		-£33	£585	-£11,917	-£11,365

All of the Academy's activities derive from the continuing operations during the above financial period with the exception of recognition of assets and surplus inherited from the predecessor school (disclosed separately in note 3) and the pension fund deficit inherited from the predecessor school (see disclosure in notes 17 and 27)

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

Dr Challoner's Grammar School Accounts: period end 31 August | 2011

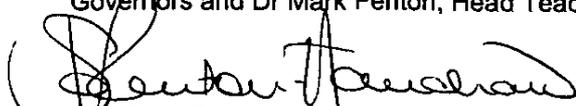
BALANCE SHEET as at 31 August 2011

Company number: 07451811

The Academy Trust was incorporated on 25 November 2010 but did not commence operations until 1 January 2011. Its opening balance sheet was zero and there are no prior year comparators.

	Note		Total 2011 £000
Fixed Assets			
Tangible Assets	13	£11,917	
Investments		£0	
		£11,917	£11,917
Current assets			
Stock	14	£0	
Debtors	15	£147	
Cash in bank and hand		£748	
		£895	
Current Liabilities			
Creditors amounts falling due within 1 year	16	-£451	
		-£451	£444
Total assets less current liabilities			£12,361
Long term liabilities			
Creditors due more than 1 year		£0	
Other		£0	
		£0	£0
Net assets excluding pension liability			£12,361
Pension scheme liability	27	-£996	
Total Net Assets		£11,365	
Funds:			
Restricted funds			
Restricted fixed asset fund	17	-£11,917	
Restricted general fund	17	-£411	
Pension Reserve	17	£996	
		-£11,332	
Unrestricted Funds			
General Fund	17	-£33	
		-£33	
Total Funds			-£11,365

The financial statements on pages 16 to 37 were approved by the governors and authorised for issue on 29 November 2011 and are signed on their behalf by Mrs Jane Penton-Hauchard, Chair of Governors and Dr Mark Fenton, Head Teacher and Accounting Officer.


Mrs Jane Penton-Hauchard


Dr Mark Fenton

CASH FLOW STATEMENT

	Notes	2011 £000
Net Cash inflow from operating activities	21	£989
Returns on investment and servicing of finance	22	£0
Capital expenditure	23	<u>-£241</u>
Decrease / Increase in Cash in the Period		<u>748</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 25 November 2010		<u>£0</u>
Net funds at 31 August 2011		<u>£748</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared under 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

1.2 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 a 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. The assessment is that the Academy is a going concern.

1.3 Incoming resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

1.3.1 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.

1.3.2 Donations

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

1.3.3 Other Income

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

1.3.4 Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy is recognised at their open market value in the period in which they are receivable as incoming resources where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure 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 its useful economic life in accordance with these accounting policies.

1.3.5 Donations to Dr Challoner's Grammar School from the preceding school

The surplus inherited from the predecessor school (£420K) and the value of fixed assets inherited from the predecessor school (£11,656K) has been shown as voluntary income in the Statement of Financial Activities.

1.4 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 the 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 a 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.

1.4.1 Costs of generating funds

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

1.4.2 Charitable activities

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

1.4.3 Governance costs

These include costs attributable to the Academy'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.

1.5 Tangible fixed assets

1.5.1 Recognition:

The academy opened for business on 1 January 2011. At this point in time the assets of school that was maintained by the local authority called "Dr Challoner's Grammar School" transferred to the academy.

These have been recognised in the balance sheet as an "original donation"

- The donation value that has been used to recognise the land and buildings in the balance sheet was the depreciated replacement cost for the land and buildings as reported in the audited accounts of Buckinghamshire County Council for the period ended 31 March 2010.
- The donation value that has been used to recognise the furniture and equipment is three times the annual cost of annual expenditure on furniture and equipment of the predecessor school.
- The donation value that has been used to recognise the computer equipment is twice the annual cost of annual expenditure on computer equipment of the predecessor school. This estimate is reflective of the depreciation rate applied to computer equipment.
- The donation value that has been used to recognise the motor vehicles is market value as at 1 January 2011.

Tangible fixed assets acquired since the Academy was in operation are included in the accounts at cost.

The academy has a capitalisation threshold of £2,000. Assets with a value less than £2,000 are written off in the year of acquisition.

For clarification, where the academy makes bulk purchases of similar items that meet the definition of capital expenditure and individually are below the capitalisation threshold but collectively amount to more than the capitalisation threshold these are capitalised in the year of acquisition.

1.5.2 Measurement

Tangible fixed assets on the balance sheet are carried at cost, net of depreciation and any provision for impairment

1.5.3 Funding:

Where tangible fixed assets have been acquired with the aid of specific grants they are included in the balance sheet at cost and depreciated over their expected useful economic life

- If they have been acquired the aid of specific grants, either from the government or from the private sector, the related grants are credited to a restricted fixed asset fund (in the statement of financial activities) and carried forward in the balance sheet
- If they have been acquired with the use of general annual grant or unrestricted income the income is initially credited to the relevant restricted or unrestricted fund in the balance sheet and then transferred to the restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet)

The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy against the restricted fixed asset fund

1.5.4 Depreciation:

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Freehold buildings	2%
Long leasehold property	2%
Furniture and equipment	20%
Motor Vehicles	20%
Computer equipment and software	33 33%

Depreciation is not charged in the year of acquisition but is charged in the year of disposal. The only exception to this is that depreciation is charged in 2010-11 on those assets recognised on the balance sheet as an "original donation" from the predecessor school.

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

1.5.5 Impairment:

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.

1.6 Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

1.7 Investments

The Academy holds no investments

1.8 Stock

The Academy holds no stock

1.9 Taxation

Dr Challoner's Grammar School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore 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 the 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 income or gains are applied exclusively to charitable purposes.

1.10 Pensions

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 the assets of the Academy.

1.10.1 Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of the 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 27 the TPS is a multi-employer scheme that 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.

1.10.2 Local Government Pension Scheme (LGPS)

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 the 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 or losses are recognised immediately in other gains and losses.

1.11 Fund Accounting

1.11.1 Unrestricted Funds

Unrestricted Funds represent those resources which may be used towards meeting any of the charitable objectives of the Academy at the discretion of the Governors.

1.11.2 Restricted Fixed Asset Funds

Restricted Fixed Asset Funds are resources which are to be applied to the financing of fixed assets acquired for specific capital purposes

1.11.3 Restricted Pension Reserve

The Restricted Pension Reserve is the value of the local government pension scheme deficit

1.11.4 Restricted General Funds

Restricted General Funds comprise all other restricted funds received and include grants received from the YPLA and DfE

2 General Annual Grant ("GAG")

	2011 £000
2a Results and Carry Forward for the Year	
GAG b/f from prior year	£0
GAG allocation for current year	-£3,989
Total GAG available to spend	-£3,989
Recurrent expenditure from GAG	£3,748
Fixed Assets purchased from GAG	£241
GAG carried forward to next year	£0
Maximum Permitted	-£479
GAG to surrender to DfE	-£479
(12% rule breached if positive)	no breach

2b Use of GAG brought forward from prior year for recurrent purposes

Recurrent Expenditure from GAG in current year	£3,748
GAG Allocation for current year	-£3,989
GAG Allocation for previous year x 2%	£0
GAG b/f from prior year in excess of 2%, used on recurrent expenditure in current year	-£241
(2% rule breached if positive)	no breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
Inherited from predecessor school	£0	-£420	-£11,656	-£12,076
Dr Challoner's Educational Trust	£0	-£61	-£23	-£84
School Fund Income	£0	-£120	£0	-£120
Other	£0	£0	-£24	-£25
	£0	-£601	-£11,704	-£12,305

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2011 £
Casual Lettings	-£7	£0	£0	-£7
Sales of Stationery	-£6	£0	£0	-£6
IT Services to other schools	-£9	£0	£0	-£9
Other	-£12	-£41	£0	-£52
TOTAL DONATIONS	-£33	-£41	£0	-£74

5 Investment Income

The Academy did not have any investment income

6 Funding for the Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
Capital Government Grants				
Devolved Formula Capital Grant	£0	£0	-£26	-£26
Academies Maintenance Capital Grant	£0	£0	-£100	-£100
Other Government Grants				
General Annual Grant (GAG)	£0	-£3,989	£0	-£3,989
Teacher Training Grant	£0	-£9	£0	-£9
Standards Fund	£0	-£104	£0	-£104
	£0	-£4,102	-£126	-£4,229

7 Resources Expended

	Staff Costs £000	Non Pay Premises £000	Other £000	Total 2011 £000
Costs of generating voluntary income	£38	£8	£4	£50
Academy's educational operations:				
Direct costs	£2,763	£115	£323	£3,201
Allocated support costs	£430	£329	£225	£984
	£3,193	£444	£548	£4,185
Governance costs including allocated support costs	£24	£0	£13	£37
	£3,255	£452	£565	£4,272

Net incoming resources for the period are stated after -

	2011 £000
Fees payable to auditors	9
Depreciation	154

8 Charitable Activities – Academy's Educational Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000
Direct Costs			
Teaching and Educational Support Staff costs	£0	£2,763	£2,763
Depreciation	£0	£115	£115
Educational Supplies	£0	£50	£50
Examination fees	£0	£129	£129
Staff development	£0	£26	£26
Educational consultancy	£0	£112	£112
Other direct costs	£0	£6	£6
	£0	£3,201	£3,202
Allocated Support Costs			
Support staff costs	£0	£430	£430
Depreciation	£0	£31	£31
Recruitment and Support	£0	£10	£10
Maintenance of equipment and premises	£0	£211	£211
Cleaning	£0	£5	£5
Rent and rates	£0	£31	£31
Insurance	£0	£51	£51
Security and Transport	£0	£19	£19
Catering	£0	£12	£12
Bank interest and charges	£0	£0	£0
Other support costs	£0	£184	£184
	£0	£984	£984

9 Governance Costs

	Unrestricted Funds £000	Restricted General Funds £000	Total 2011 £000
Governance Costs			
Support costs	£0	£24	£24
Legal and professional fees	£0	£4	£4
Audit of financial statements	£0	£9	£9
Responsible Officer Audit	£0	£0	£0
Governors reimbursed expenses	£0	£0	£0
	£0	£37	£37

10 Staff Costs:

Staff cost data is based on 8 months of Academy expenditure (since January 2011) Please be aware that expenditure and emoluments will be higher in a 12 month period

Staff costs for the period were

	2011
	£
Wages and salaries	£2,638
Social Security Costs	£200
Pension Costs	£384
	<u>£3,222</u>
Supply Teacher Costs	£8
Compensation Payments	£0
	<u>£3,230</u>

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

	2011
	No
Teachers	68
Administration and Support	39
Managers	9
	<u>116</u>

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

	Actual paid in 8 month period	12 month equivalent emolument rates
£60,001 - £70,000		
£70,001 - £80,000	1	1
£80,001 - £90,000		
£90,001 - £100,000		
£100,001 - £110,000		1
£110,001 - £120,000		
	<u>1</u>	<u>2</u>

The above employees participated in the Teacher's Pension Scheme During the period ended 31 August 2011 pension contributions for these staff members amounted to £17K

11 Governor's remuneration and expenses

Staff governors (including the Headmaster) only receive remuneration in respect of services that they provide in undertaking their roles as staff and not in respect of their services as governors Other governors did not receive remuneration other than expenses from the Academy in respect of their role as governors

During the year to 31 August travel and subsistence expenses totalling £0 was paid to governors in respect of their duties as governors

Related Party Transactions involving governors and trustees are set out in note 29

12 Governor's and Officer's 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 of up to £2,500,000 on any one claim and the cost for the year ended 31 August 2011 was £1,546 26. The cost of this insurance is included in the total insurance cost.

13 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	TOTAL £000
Cost						
At 25 November 2010	£0	£0	£0	£0	£0	£0
Additions	£11,391	£0	£373	£302	£5	£12,071
Disposals	£0	£0	£0	£0	£0	£0
Transfers	£0	£0	£0	£0	£0	£0
At 31 August 2011	£11,391	£0	£373	£302	£5	£12,071
Depreciation						
At 25 November 2010	£0	£0	£0	£0	£0	£0
Charged in Year	-£18	£0	-£60	-£76	£0	-£154
Disposals	£0	£0	£0	£0	£0	£0
Transfers	£0	£0	£0	£0	£0	£0
At 31 August 2011	-£18	£0	-£60	-£76	£0	-£154
Net Book Value						
As at 31 August 2011	£11,373	£0	£313	£226	£5	£11,917
As at 25 November 2010	£0	£0	£0	£0	£0	£0

14 Stock

The academy did not carry any stock at the balance sheet date.

15 Debtors

	Total 2011 £000
Trade Debtors	£38
VAT Debtors	£109
Prepayments	£0
Other Debtors	£0
	£147

16 Creditors: Amount falling due within 1 year

	Total 2011 £000
Trade creditors	-£304
HMRC	-£99
Receipts in Advance / Deferred Income	-£48
Other Creditors	£0
	<u>-£451</u>

The movement in deferred income mainly relates to monies received from MEI in relation to the provision of Further Maths courses

17 Funds

	Recognition of pension liability £000	Incoming Resources (non pension) £000	Resources Expended £000	Gains losses and transfers £000	Balance as at 31 August 2011 £000
Restricted General Funds					
General Annual Grant (GAG)	£0	-£3,989	£3,773	£216	£0
Other DfE / YPLA Grants	£0	-£114	£114	£0	£0
Surplus inherited from predecessor school	£0	-£420	£9	£0	-£411
Other restricted funds	£0	-£222	£222	£0	£0
Pension Fund	£989	£0	£0	£7	£996
	<u>£989</u>	<u>-£4,745</u>	<u>£4,118</u>	<u>£223</u>	<u>£585</u>
Restricted Fixed Asset Funds					
Donation from predecessor school	£0	-£11,657	£154	£0	-£11,503
DfE / YPLA Capital Grants	£0	-£126	£0	£0	-£126
3rd party donations	£0	-£47	£0	£0	-£47
Capital expenditure financed from GAG	£0	£0	£0	-£241	-£241
	<u>£0</u>	<u>-£11,830</u>	<u>£154</u>	<u>-£241</u>	<u>-£11,917</u>
Total Restricted Funds	<u>£989</u>	<u>-£16,575</u>	<u>£4,272</u>	<u>-£18</u>	<u>-£11,332</u>
Unrestricted Funds					
Unrestricted Funds	£0	-£33	£0	£0	-£33
Total Unrestricted Funds	<u>£0</u>	<u>-£33</u>	<u>£0</u>	<u>£0</u>	<u>-£33</u>
Total Funds	<u>£989</u>	<u>-£16,608</u>	<u>£4,272</u>	<u>-£18</u>	<u>-£11,365</u>

The opening position of all funds on 25 November 2010 was £0

The initial pension fund deficit that was inherited on 1 January 2011 was £989K. This was recognised in the accounts by crediting the pension liability and debiting the pension reserve. This is shown separately in the above table so as to allow the reader to easily distinguish the pension liabilities inherited on 1 January 2011 from the movement in pension liabilities during the operating period of 1 January 2011 and 31 August 2011.

18 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
Tangible fixed Assets			£11,917	£11,917
Current Assets	£33	£862		£895
Current Liabilities		-£451		-£451
Pension Scheme Liability		-£996		-£996
	<u>£33</u>	<u>-£585</u>	<u>£11,917</u>	<u>£11,365</u>

19 Capital Commitments

There were capital commitments of £29K that were contracted for at the balance sheet date that were not provided for in the financial statements. These commitments related to the building of the 6 form centre.

20 Financial Commitments

20.1 Operating Leases

As at 31 August the Academy had annual commitments under non-cancellable operating leases as follows

	2011 £000	2010 £000
Land and Buildings		
Expiring within 1 year	£0	
Expiring within 2 and five years inclusive	£0	
Expiring in over 5 years	£0	
	<u>£0</u>	<u>£0</u>
Other		
Expiring within 1 year	£39	
Expiring within 2 and five years inclusive	£0	
Expiring in over 5 years	£6	
	<u>£45</u>	<u>£0</u>

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

	2011 £000
Net Income	£12,336
Depreciation	£154
Transfers from predecessor school	-£11,657
Capital Grants and Capital Income	-£173
Interest Receivable	£0
FRS17 Pension cost less contributions payable	-£6
FRS 17 pension finance income	£31
(increase) / decrease in stocks	£0
(increase) / decrease in debtors	-£147
increase / (decrease) in creditors	£451
Net cash inflow from operating activities	£989

22 Returns on investment and servicing of finance

	2011 £000
Interest received	£0
Net cash inflow from returns on investment and servicing of finance	£0

23 Capital expenditure and financial investment

	2011 £000
Purchase of fixed assets	-£414
Capital Grants from YPLA / DfE	£126
Capital funding from other sources	£47
Proceeds from sale of fixed assets	£0
Net cash outflow from returns on investment and servicing of finance	-£241

24 Analysis of changes in net funds

	At 25 November 2010 £000	Cash flows £000	At 31 August 2011 £000
Cash in hand and in bank	£0	£748	£748

25 Contingent Liabilities

The Academy has no contingent liabilities at the balance sheet date

26 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

27 Pension and Similar Obligations

The Academy's employees belong to one of 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 Buckinghamshire County Council. Both are defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2011.

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

27.1 Teachers' Pension Scheme

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 not 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 used	Prospective Benefits Method
• Investment returns per annum	6.5% per annum
• Salary Scale increases per annum	5% per annum
• Notional Value of Assets at date of last valuation	£162,950 million
• Proportion of member's 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 September 2010 to 31 August 2011 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

Under the definitions set out in Financial Reporting Standard ("FRS") 17 – Retirement Benefits, the TPS is a 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 the 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.

27.2 Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds

On 1 January 2011 the Academy inherited the pension deficit of the predecessor school of £989K

The total contribution made for the period 1 January 2011 to 31 August 2011 was £135K of which employer's contributions totalled £103K and employee contributions totalled £32K

The agreed contribution rates for future years are 22.8% for employers. For employees the contribution rate is dependent on their full time equivalent pay as follows: -

Band	Range	Contribution rate
1	£0-£12,900	5.5%
2	£12,901 to £15,100	5.8%
3	£15,101 to £19,400	5.9%
4	£19,401 to £32,400	6.5%
5	£32,401 to £43,300	6.8%
6	£43,301 to £81,100	7.2%
7	More than £81,100	7.5%

27.2.1 Principal Actuarial Assumptions

Financial assumptions as at	31-Aug-11		01-Jan-11	
	%pa	Real	%pa	Real
Rate of increase in salaries	4.9%	1.5%	5.0%	1.5%
Rate of increase in pensions in payment	2.6%	-0.8%	3.0%	-0.5%
Discount rate for scheme liabilities	5.4%	1.9%	5.4%	1.8%
Inflation assumption (CPI)	2.6%	-0.8%	3.0%	-0.5%

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

Mortality assumptions as at	31-Aug-11
<i>retiring today</i>	
Males	19.8
Females	23.9
<i>retiring in 20 years</i>	
Males	21.9
Females	25.8

27.2.2 Assets and Liabilities

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

	Expected return as at 31 August 2011	Bid value as at 31 August 2011 £000	Expected Return as at 2 January 2011	Bid value as at 1 January 2011 £000
Equities	6.8%	312	7.2%	235
Gilts	3.8%	37	4.2%	24
Other Bonds	5.4%	37	5.4%	24
Property	6.3%	37	6.7%	27
Cash	3.0%	9	3.0%	11
Alternative Assets	6.8%	28	7.2%	20
Total Market Value of Assets	6.3%	460	6.9%	341
Present value of scheme liabilities:				
funded		1456		1330
Surplus (deficit) in the scheme		-996		-989

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 January 2011 for the period to 31 August 2011). The return on gilts and on other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £15K

27.2.3 Amounts Recognised in the Statement of Financial Activities

	At 31 August 2011 £000
Current service cost (net of employee contributions)	97
Past service cost	0
Total Operating Charge	97

27.2.4 Analysis of pension finance income (costs)

	At 31 August 2011 £000
Expected return on Pension Scheme Assets	-18
Interest on Pension Liabilities	49
Pension Finance Income (costs)	31

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains recognised in the Statement of Financial Activities since the adoption of FRS 17 is £18K.

27.2.5 Movements in the present value of defined benefit obligations

	For period to 31 August 2011 £000
Opening defined benefit obligation	1330
Current Service Cost	97
Interest Cost	49
Employee Contributions	32
Actuarial (gain) loss	-21
Benefits Paid	-31
Past Service Cost	0
Curtailments and Settlements	0
Closing defined benefit obligation	1456

27.2.6 Movement in the fair value of the Academy's share of scheme assets

	For period to 31 August 2011 £000
Opening fair value of scheme assets	341
Expected return on assets	18
Actuarial gain / loss	-3
Employer contributions	103
Employee contributions	32
Benefits paid	-31
Closing fair value of scheme assets	460

The estimated value of employer contributions for the year ended 31 August 2012 is £159K

27.2.7 Reconciliation of the opening and closing deficit

	£000
Opening deficit	0
Transfer on conversion	-989
Current service cost	-97
Employer contributions	103
Other finance income	-31
Actuarial gains	18
Deficit as at 31 August 2011	-996

27.2.8 Sensitivity analysis

	£000's	£000's	£000's
Adjustment to discount rate	+ 0 1%	0 0%	- 0 1%
Present value of total obligation	1,415	1,456	1,497
Projected service cost	142	147	153
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	1,408	1,456	1,503
Projected service cost	141	147	153

28 Connected Organisations

Dr Challoner's Grammar School does have strong connections with the following organisations Any significant transactions with these bodies are reported in note 29 – related party transactions

28.1 Dr Challoner's School Educational Trust (charity registration 298550)

Dr Challoner's School Educational Trust (**DCSET**) is a charity that has been set up under a Trust Deed in 1987 and gained charitable status in March 1988 The objects of the DCSET are the provision of scholarships, prizes, grants, equipment, buildings, playing fields, and other assistance for the benefit of Dr Challoner's Grammar school and its pupils As such DCSET makes regular donations to the School under the direction of its trustees

Although Dr Challoner's Grammar School is not a corporate trustee of DCSET, of DCSET's 6 trustees, 4 also act as existing governors of the school and 1 is also a member of the school staff

DCSET's statement of accounts can be viewed online at the Charity Commission's website: <http://www.charity-commission.gov.uk/>

Dr Challoner's Grammar School administers the finances of DCSET on its behalf

28.2 Dr Challoner's Grammar School Fund (charity registration 1065722)

Dr Challoner's Grammar School Fund (**the School Fund**) is governed by a Trust Deed dated October 1997 The principal object of the School Fund is to advance the education of pupils / students, providing and assisting in the provision of facilities for education of students of the school

The majority of income and expenditure in the school fund now relates to restricted funds and in particular the voluntary contributions made by parents for activities organised for the benefit of the pupils (e.g. school visits) and the associated expenditure

Although Dr Challoner's Grammar School is not a corporate trustee of the School Fund, of the School Fund's 4 trustees, 2 also act as existing governors of the school and 2 are also members of the school staff

The School Fund's statement of accounts can be viewed online at the Charity Commission's website <http://www.charity-commission.gov.uk/>

Dr Challoner's Grammar School administers the finances of the School Fund on its behalf

28.3 DCGS Enterprises Ltd. (company registration 4266918)

DCGS Enterprises Ltd is a trading subsidiary of the School Fund. Its principal activity is the operation of the school shop for the benefit of the students

DCGS Enterprises financial performance is consolidated in the accounts of the School Fund

Dr Challoner's Grammar School administers the finances of DCGS Enterprises on its behalf

28.4 Friends of Dr Challoner's Grammar School (310621)

Friends of Dr Challoner's Grammar School (the Friends) is an unincorporated association, registered with the charity commission that provides financial assistance with the cost of educational facilities provided by Dr Challoner's Grammar School

Although Dr Challoner's Grammar School is not a corporate trustee of the Friends, of the Friends 15 committee members 2 act as existing governors of the school (the Head teacher and a teacher governor) and 3 are also members of the school staff

The Friends' statement of accounts can be viewed online at the Charity Commission's website <http://www.charity-commission.gov.uk/>

Dr Challoner's Grammar School does not administer the finances of the Friends

28.5 Land Trust (unregistered trust)

As mentioned in the governors report the land trust exists solely to hold the freehold of a parcel of the Academy's land. The Academy is the sole corporate trustee of the Trust and as such the assets have been consolidated in these financial statements

29 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 arms-length and are in accordance with the Academy's financial regulations and normal procurement procedures

The Academy had transactions with the following organisations

Organisation	Interest	Value	Type
Dr Challoners School Educational Trust	See note 28 1	£84,070	Income
Dr Challoner's Grammmar School Fund	See note 28 2	£120,274	Income
DCGS Enterprises	See note 28 3	£3,899	Income
Friends of Dr Challoner's Grammar School	See note 28 4	£230	Income
Dr Challoner's School Fund	See note 28 2	£1,255	Expenditure
DCGS Enterprises	See note 28 3	£89	Expenditure
Chiltern District Council	One governor is a Member of the Council	£2,350	Expenditure
Asheridge Business School	One Governor is a Director of Asheridge Business School	£65	Expenditure

The majority of the £120K income from the school fund was in relation to expenditure that was paid for by the academy but funded by parental contributions to the school fund – e.g. music lesson fees and school visits