

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDING 31 AUGUST 2013

SATURDAY



A2NPLHHB

A09

21/12/2013

#384

COMPANIES HOUSE

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

CONTENTS

	Page
Reference and Administrative Information	03
Trustees' Report	04
Governance Statement	13
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditors' Report on the Financial Statements	19
Independent Auditors' Report on Regularity	21
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance sheet	24
Cash flow statement	25
Notes to the Financial Statements incorporating	26
• Statement of Accounting Policies	
• Other Notes to the Financial Statements	

REFERENCE AND ADMINISTRATIVE INFORMATION

**Trustees
(Also known as Governors or
Directors):**

*Denotes member of the Finance
Committee during the year (*)*

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 Jamie Buckridge
Mr Mark Gardiner (left 06 November 2012)
Mr Mark Haines*
Mr Brian Hardie
Mr Chris Hardy
Mr Tony Kilbourn (left 06 November 2012)
Ms Toni Nicholls
Mr Simon Partridge*
Ms Jane Wainwright
Mr Shaun Kennedy*
Mr David Roberts*
Mr Mike Tingey (from 24 October 2012)

Company Secretary

Mr Sean Kennedy

Senior managers

Headmaster
Deputy Headmaster
Deputy Headmaster
Resources Director

Dr Mark Fenton
Mr Chris Clare
Mr Mark Sturgeon
Mr Sean Kennedy

Registered Office

Dr Challoner's Grammar School
Chesham Road
Amersham
Buckinghamshire HP6 5HA

Company Registration Number

07451811 (England and Wales)

Auditors

MHA MacIntyre Hudson
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 TRUSTEES FOR YEAR ENDING 31 AUGUST 2013

Trustees Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ending 31 August 2013

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 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 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') and Academies Accounts Direction 2012/13

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Dr Challoner's Grammar School is a company limited by guarantee with no share capital (registration no 07451811) and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the company. The trustees of Dr Challoner's Grammar School are also directors of the charitable company for the purposes of company law. Details of the trustees who served throughout the 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member

Trustees' Indemnities

The Articles of Association state that every trustee 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 employer's 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 Trustees

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

When appointing trustees the following is taken into consideration

Prior to 9 January 2013 the Articles of the Academy Trust required the makeup of the trustees to be as follows

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

From 9 January 2013 the Articles of Association were amended by a resolution of the Members to require the makeup of the trustees to be as follows

- Up to 3 staff trustees appointed via staff election
- A minimum of 2 parent trustees elected by parents of registered pupils of the Academy
- Up to 8 community trustees appointed by the Members. There must always be at least 3 community trustees that are parents of pupils at the Academy
- Up to 5 co-opted trustees appointed by the trustees that have not themselves been co-opted
- The Head teacher is an ex officio trustee

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

The structure of the board of trustees that was in place at 31 August 2013 was 15 trustees as follows

Trustee type	31 August 2012	31 August 2013
Non-parent community trustee	5	4
Parent trustee	5	5
Co-opted trustee	3	3
Staff trustee	2	2
Headteacher	1	1
TOTAL	16	15

The term of office for any trustee shall be four years excepting

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

In general trustees 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 trustee, any trustee may be re-appointed or re-elected

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters.

All new trustees will be given a tour of the school and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The structure consists of three levels: the trustees, 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 trustees 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 trustees 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 trustees.

During the year, the senior leadership team comprised 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 trustees 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 trustees (or both).

Risk Management

The most significant risks facing the school in 2012-13, together with action taken by the trustees is as follows:

Personnel and succession planning.

Dr Challoner's has built up a superb culture in which staff deliver the very best education to its students. The staff senior leadership team is vital in maintaining this culture on behalf of the trustees. It was recognised that in 2012-13 there could be a risk of an unwanted change to this culture due to the likely high turnover within the senior leadership team due to impending retirements.

To minimise this risk, in 2012 a significant piece of work was carried out by the senior leadership team and trustees to codify the culture so that this could be used in any future recruitment process. This fed into an in-depth recruitment procedure for replacements to ensure the school had a strong leadership team with values that matched the school ready for the 2013-14 academic year.

Finance:

The finance committee review the likely future swings in government funding when setting the budget for the following year and has identified a likely significant reduction in funding in the medium term due to the new funding formulas proposed by the government (particularly in relation to VI form funding)

This foresight has allowed the school to be proactive in lobbying government so that they can understand the adverse practical impact of these changes on a school like Dr Challoner's

Whilst we are hopeful to influence change in this area the trustees have been budgeting over the last couple of years to build reserves as high as possible, whilst maintaining first class facilities and education for our students. Identifying this risk early has meant that in the event that the cuts do occur, we have more time to plan effective strategies to reduce any on-going funding deficit. Development of strategies to ensure the impact of the upcoming funding cuts on the service we provide is minimised are being developed in 2013-14 as part of the school improvement planning process

Property and Services:

In 2012-13 the property and services committee has reviewed and approved the site disaster recovery plan to ensure that the school can return to operations as swiftly as possible in the event that buildings became unsafe (e.g. following a fire), we suffered a loss of electrics, water, gas or breakdown in the heating systems

Due to the increasing importance of technology, in 2012-13 the property and services committee approved an IT strategy that helps manage technology risks across the school. Any significant, non-curriculum matters are now brought to the attention of the property and services committee with significant curriculum related issues being brought to the attention of the Learning and Teaching Committee

Learning and Teaching

The Learning and Teaching Committee continually review how best we can provide education to our students

Perhaps the most significant opportunity for improvement in learning and teaching was the introduction of student devices in the lower school. The key risk in this area was launching into a scheme without the effective support, training and engagement of our staff, students and parents and therefore not realising the true potential of these devices to the education of our students

In 2013-14 our Digital Learning scheme for Year 8 was launched, following the pilot programme which ran in 2012-13. The pilot scheme, aimed at just one class group, allowed the risks and opportunities associated with the scheme to be assessed before the main launch

Assuming this project is successful, it is likely to become the model for other year groups in the future. However, where technology is concerned we think that beginning with one year group is the right approach. We need to start relatively small in order to make sure that our IT infrastructure – and our teachers! – can handle the new ways of working and to maximise the benefits to be obtained

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
- Acquire flexible skills for a rapidly changing world
- Become reflective and rigorous life-long learning
- Engender self-awareness and sensitivity to others
- Foster creativity and originality
- Take an active part in the life of the school and its community
- Nurture compassion, honesty and spiritual awareness

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

Objectives, 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 high quality infrastructure, services and business practices
- 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

These targets are owned by a member of the senior leadership team and progress on these is monitored throughout the year

Public Benefit

The trustees have complied with their 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 2013 numbered 1314 and the Academy has a full complement in all year groups

Examination results for 2013 continued to be outstanding. At GCSE, 98.5% of boys achieved at least 5 A*-C grades including English and Maths and 78% of the year group achieved at least 5 A*/A grades. At A level, 84% of the grades were A*, A or B, with 21% being A*. 26 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.

In 2012-13 the school completed the building of its new sixth form centre and library facilities to truly prepare our students for university life. The project has more than doubled the space available to the sixth form and has the latest IT infrastructure installed throughout.

This new space ensures that our students will be able to fulfil their potential in the increasingly competitive world of higher education. The new centre was formally opened by HRH the Earl of Wessex on 20 June 2013.

In 2012-13 the Academy was successfully designated a teaching school and in 2013-14 we will launch the Astra Learning Alliance. This initiative will help us to continue improving even further the quality of teaching and learning at DCGS as well as supporting the development of the next generation of teachers and school leaders across a wide area.

FINANCIAL REVIEW

Financial report for the year

Most of the Academy's income is obtained from the EFA / DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA / DfE during the period ended 31 August 2013 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 EFA / 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 2013, total expenditure of £6,290K was covered by recurrent grant funding from the EFA / DfE together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and pension funds) was £6K.

At 31 August 2013 the net book value of fixed assets was £13,603K 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 are legally held under different arrangements

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. The academy is the beneficial owner of this land.

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.

As such 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 has been 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.

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 accounts. 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).

Key Financial Performance Indicators:

At the start of the year the Academy sets its budget based on total reserves readily available to spend (i.e. excluding the fixed asset reserve and the pension reserve) by taking into account likely future trends in income and expenditure. The budget is then split between cost centres for which budget holders are given responsibility to manage.

The majority of the budgeted income is from General Annual Grant, but other sources of income become available to the Academy throughout the year.

When determining the budget the key figure that the trustees consider is the net surplus or deficit. A net surplus is where expected income exceeds expected expenditure and a net deficit is where expected expenditure exceeds expected income. For 2012-13 the budget was a net deficit of £87K.

Performance against budget at a cost centre level is monitored by the headmaster and resources director via monthly management reports and also by the Finance Committee at its meetings. The management reports contain a forecast out-turn position that includes the likely variance from budget at the end of the year. If appropriate, the budget may be adjusted throughout the year in accordance with the Academy's Financial Regulations.

Unless income is ring-fenced for a specific purpose, the decision as to exactly which items of expenditure are funded by which items of income is not made until the end of the financial year. The reasons for this are as follows:

- The final decisions regarding capitalising expenditure only occur at the year end, once such expenditure has been shown to meet the capitalisation criteria as laid down in the accounting policies
- The matching of capital income, such as Devolved Formula Capital Grant, to this expenditure can therefore only be formalised at the year end
- The decision as to which items of expenditure to capitalise for accounting purposes does not impact on the Academy's "total reserves readily available to spend"
- Budgets are set based on estimates of likely donations from other parties, including the Educational Trust and the Friends. If the actual donations received vary from that budgeted then the Academy will fund the expenditure incurred from alternate reserves

Because of this the management information presented throughout the year takes a different format to that shown in the final accounts. However, they do reconcile to the final accounts if you exclude the impact of the pension reserve and fixed asset reserve (accounting items that do not affect budgeting)

In 2012-13 the Academy's outturn position was a surplus of £6K broken down as follows

- | | |
|-------------------------|--------------------------------|
| • Unrestricted Funds | £64K in year surplus |
| • Teaching School Funds | £83K in year surplus |
| • 6 Form Bursary Funds | £1K in year surplus |
| • GAG and other Funds | £142K in year call on reserves |

The majority of this surplus was anticipated through the monthly management reports

The main reason for the £94K favourable variance to budget was the receipt of Teaching Schools Funds in 2012-13 that will be spent in 2013-14 (£83K)

The single biggest item of expenditure budget that the academy has is its staffing budgets. These budgets are monitored particularly closely and for 2012-13 the variance from budget was only a favourable variance of 0.58%

Reserves policy

The trustees 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 trustees have particular regard to the likely levels of future income to be received from the EFA / DfE and that these are likely to reduce significantly over the next few years.

The trustees have set budgets and reserve levels based on a 5 year medium term plan that ensures that the Academy can continue to provide excellent education across the period whilst ensuring that it has sufficient cashable reserves to provide a buffer to enable the Academy to effectively manage reductions in spending across the period in which its funding will be cut, in order to minimise the future 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 trustees 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. However the level of unrestricted funds held should be no higher than 12% of annual GAG.

Dr Challoner's Grammar School Accounts: year ending 31 August 2013

Financial position

The Academy held fund balances at 31 August 2013 of £13,065K comprising

Unrestricted	£211K	
Restricted (remaining surplus from predecessor school)	£411K	
Restricted (GAG)	£237K	
Restricted (Teaching Schools)	£83K	
Restricted (VI form bursary)	<u>£1K</u>	
Total reserves readily available for spend		£943K
Restricted (Fixed Assets)		£13,603K
Restricted (Pensions)		<u>-£1,481K</u>
Total reserves		£13,065K

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 10 years. This assumption will be reviewed at as part of the next fund valuation which is due at the start of 2014.

Going Concern

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

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 Academy is planning on refurbishing and expanding the school's tennis courts. The project is currently in the feasibility and planning stage but it is hoped that construction will start in summer 2014. The project will be funded from a combination of contributions from the Educational Trust, the Friends and Capital Grants.

Our Digital Learning scheme for Year 8 starts in September 2013. This programme essentially allows pupils in year 8 to bring their own device into school, following the pilot programme which ran last year. Assuming this project is successful, it is likely to become the model for other year groups in the future. The Academy will review this programme throughout the year to gauge what IT infrastructure investment may be necessary to ensure this programme can be rolled out to other year groups.

AUDITORS

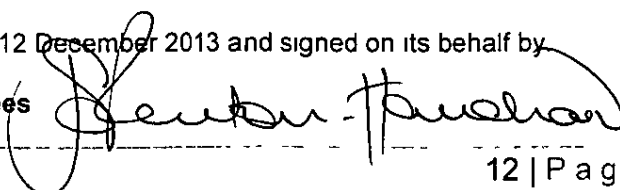
Our auditors are MHA MacIntyre Hudson. They are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

In so far as the trustees are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The trustees 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.

Approved by order of the board of trustees on 12 December 2013 and signed on its behalf by

Jane Penton-Hauchard, Chairman of Trustees



GOVERNANCE STATEMENT**Scope of Responsibility**

As trustees, we acknowledge that 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 board of trustees 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.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees's responsibilities. The board of trustees (full governing body) has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings Attended	Out of a possible
Dr John Maynard	3	3
Mr Simon Partridge	3	3
Mrs Isobel Darby	3	3
Ms Jane Wainwright	1	3
Mr Mark Gardiner	0	0
Mr Mark Haines	3	3
Mr Tony Kilbourn	0	0
Mrs Jane Penton-Hauchard	3	3
Dr Mark Pegg	3	3
Mr Chris Hardy	3	3
Mr Brian Hardie	3	3
Mr James Buckridge	3	3
Ms Toni Nicholls	3	3
Mr David Roberts	1	3
Mr Shaun Kennedy	3	3
Dr Mark Fenton	3	3
Mr Mike Tingey	3	3

During the year Mark Gardiner and Tony Kilbourne left the Governing Body and Mike Tingey joined. These trustee movements had no adverse impact on the operation of the board of trustees.

The **Finance Committee** is a sub-committee of the main board of trustees. Its main purposes are

- 1 To prepare and recommend the annual financial plan for ratification by the full Governing Body
- 2 To have authority to approve any payments up to a value of £100,000
- 3 To recommend to the full Governing Body the level of financial authority to be delegated to the Principal/Headmaster for the day-to-day management of the school and to keep this reviewed annually
- 4 To have authority to agree the use of any planned carry forward having regard to the priorities established in the School Improvement Plan and up to a limit of £50,000
- 5 To receive and review budget monitoring reports
- 6 To arrange for an audit/independent examination of the academy accounts
- 7 To ensure that the Academy is registered with the appropriate regulatory bodies
- 8 To confirm annually the authorised signatories for the academy's banking transactions
- 9 To ensure that the latest Financial Regulations are followed carefully within school and that any recommendations from the auditors or the Responsible Officer are considered
- 10 To prepare and keep under review a Charging Policy covering charges in relation to students and parents
- 11 To review annually the Financial Regulations and recommend to the Full Governing Body for approval
- 12 To review and approve annually the contracts and leases into which the school has entered

The committee members are listed below. During the year David Roberts and John Maynard left the committee.

Attendance at meetings in the year was as follows

	Meetings Attended	Out of a possible
Dr John Maynard	1	1
Mr Simon Partridge	3	4
Mrs Isobel Darby	4	4
Mr Mark Haines	4	4
Mrs Jane Penton-Hauchard	2	4
Mr David Roberts	0	1
Mr Shaun Kennedy	4	4
Dr Mark Fenton	3	4

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 2013 and up to the date of approval of the annual report and financial statements

Capacity to Handle Risk

The board of trustees 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

There is 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 trustees' attention via the various committees and actions agreed. The trustees recognise that it is best practice to formalise the recording of key risks and actions taken to address these risks and since the year end has developed a risk register by which risks will formally be monitored

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 board of trustees
- 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 board of trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the board of trustees have appointed Mark Haines, a trustee, 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

No significant issues have been identified

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 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, where relevant, plans to address weaknesses and ensure continuous improvement of the system are in place

Dr Challoner's Grammar School Accounts: year ending 31 August | 2013

Approved by order of the members of the board of trustees on 12 December 2013 and signed on its behalf by



Jane Penton-Hauchard
Chair of Trustees



Dr Mark Fenton
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Dr Challoner's Grammar School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Dr Mark Fenton
Accounting Officer

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who act as governors of Dr Challoner's Grammar School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under company law trustees 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 that period. In preparing these financial statements the trustees are required to

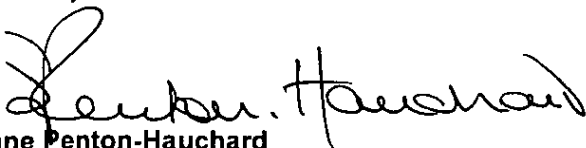
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures 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 trustees 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 trustees 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 EFA / DfE have been applied for the purposes intended.

The trustees 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 of the board of trustees on 12 December 2013 and signed on its behalf by


Jane Penton-Hauchard
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR CHALLONERS GRAMMAR SCHOOL FOR THE YEAR ENDED 31 AUGUST 2013 (Company number. 07451811)

We have audited the financial statements of Dr Challoner's Grammar School for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies 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 Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 trust'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 trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Responsibilities of the Governors (set out on page 18), the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy trust'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' 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 academy trust's affairs as at 31 August 2013 and of its incoming resources and application of resources for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

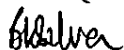
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept
- 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



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

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU

12 December 2013

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DR CHALLONER'S SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Dr Challoner's Grammar School during the period 01 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Dr Challoner's Grammar School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Dr Challoner's Grammar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dr Challoner's Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Dr Challoner's Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Dr Challoner's Grammar School's funding agreement with the Secretary of State for Education dated 22 December 2010 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes

- reviewing the minutes of the meetings of the Board of Directors and other evidence made available to us, relevant to our consideration of regularity,
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy,
- testing of a sample of payroll payments to staff,
- testing of a sample of payments to suppliers and other third parties,
- testing of a sample of grants received and other income streams,
- evaluating the internal control procedures and reporting lines, and testing as appropriate,

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

31 Castle Street
High Wycombe
Buckinghamshire
HP13 6RU



MHA MACINTYRE HUDSON
Chartered Accountants

12 December 2013

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	Year to 31 Aug 2013 £000	Year to 31 Aug 2012 £000
	Note					
Incoming Resources						
<i>Incoming resources for generated funds</i>						
Voluntary Income	3	£0	-£84	-£400	-£484	-£579
Activities for generating funds	4	-£200	-£100	-£75	-£375	-£313
Investment Income	5	-£2	£0	£0	-£2	-£1
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	6	£0	-£6,238	-£29	-£6,267	-£6,360
Total Incoming Resources	17	-£202	-£6,422	-£504	-£7,128	-£7,253
Resources Expended						
<i>Costs of generating funds</i>						
Costs of generating voluntary income	7	£0	£71	£14	£85	£77
<i>Charitable activities</i>						
Academy's educational operations	8	£138	£5,723	£270	£6,131	£5,868
Governance costs	9	£0	£73	£0	£73	£53
Total Resources Expended	17	£138	£5,867	£284	£6,289	£5,998
Net movement in resources before transfers						
		-£64	-£555	-£220	-£839	-£1,255
Gross transfers between funds	17	£0	£676	-£676	£0	£0
Net movement in resources before other recognised gains and losses		-£64	£121	-£896	-£839	-£1,255
Actuarial gains on defined benefit pension schemes	17,27	£0	£53	£0	£53	£341
Net Movement in Funds		-£64	£174	-£896	-£786	-£914
Funds brought forward at 1 September 2012	17	-£147	£575	-£12,707	-£12,279	-£11,365
Funds carried forward at 31 August 2013		-£211	£749	-£13,603	-£13,065	-£12,279

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

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: year ending 31 August 2013

BALANCE SHEET as at 31 August 2013

Company number: 07451811

	Note	31-Aug-13 £000	31-Aug-12 £000
Fixed Assets			
Tangible Assets	13	£13,603	£12,707
Current assets			
Debtors	15	£102	£208
Cash in bank and hand		<u>£1,090</u>	<u>£1,135</u>
		£1,192	£1,343
Current Liabilities			
Creditors amounts falling due within 1 year	16	<u>-£249</u>	<u>-£406</u>
		-£249	-£406
		£943	£937
Total assets less current liabilities		£14,546	£13,644
Net assets excluding pension liability		£14,546	£13,644
Pension scheme liability	27	<u>-£1,481</u>	<u>-£1,365</u>
Total Net Assets		£13,065	£12,279
Funds:			
Restricted funds			
Restricted fixed asset fund	17	-£13,603	-£12,707
Restricted general fund	17	-£732	-£790
Pension Reserve	17	<u>£1,481</u>	<u>£1,365</u>
		-£12,854	-£12,132
Unrestricted Funds			
General Fund	17	<u>-£211</u>	<u>-£147</u>
		-£211	-£147
Total Funds		-£13,065	-£12,279

The financial statements on pages 23 to 45 were approved by Trustees and authorised for issue on 12 December 2013 and are signed on their behalf by Mrs Jane Penton-Hauchard, Chair of Trustees


Mrs Jane Penton-Hauchard

CASH FLOW STATEMENT

	Notes	2013 £000	2012 £000
Net Cash inflow from operating activities	21	£628	£767
Returns on investment and servicing of finance	22	£2	£1
Capital expenditure	23	-£675	-£381
Decrease / Increase in Cash in the Period		-£45	£387
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		£1,135	£748
Net funds at 31 August 2013		£1,090	£1 135

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 EFA and the Companies Act 2006

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

1.2 Going Concern

The trustees 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 trustees 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

1.4 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 trustee meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

1.5.1 Recognition

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 with 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%
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.

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, 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 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.

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 in 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 trustees.

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 EFA and DfE.

2 General Annual Grant ("GAG")

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes. The academy trust has not exceeded these limits during the year ended 31 August 2013.

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-13 £000	31-Aug-12 £000
Dr Challoner's Educational Trust	£0	-£12	-£372	-£384	-£476
School Fund Income	£0	-£41	£0	-£41	-£44
Friends	£0	£0	-£28	-£28	-£23
Other	£0	-£31	£0	-£31	-£36
	£0	-£84	-£400	-£484	-£579

4 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-13 £000	31-Aug-12 £000
Casual Lettings	-£22	£0	£0	-£22	-£22
Licences to Occupy	-£38	£0	£0	-£38	-£24
Professional Services to Third Parties	-£65	£0	£0	-£65	-£67
Insurance Income	£0	£0	£0	£0	-£38
Music Tuition	£0	-£100	£0	-£100	-£113
Other Activities	-£75	£0	-£75	-£150	-£49
	-£200	-£100	-£75	-£375	-£313

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-13 £000	31-Aug-12 £000
Investment Income					
Interest on Bank Balances	-£2	£0	£0	-£2	-£1
	-£2	£0	£0	-£2	-£1

6 Funding for the Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-13 £000	31-Aug-12 £000
DfE / EFA Grants					
General Annual Grant (GAG)	£0	-£6,077	£0	-£6,077	-£6,152
Capital Grant	£0	£0	-£26	-£26	-£126
6 Form Bursary Grant	£0	-£7	£0	-£7	-£2
Pupil Premium Grant	£0	-£8	£0	-£8	-£4
Teaching Schools Grant	£0	-£90	-£3	-£93	-£17
Other DfE / EFA Grants	£0	-£25	£0	-£25	-£23
	£0	-£6,207	-£29	-£6,236	-£6,324
Other Government and Public Sector Grants					
SEN Funding	£0	-£7	£0	-£7	-£23
Teacher Training Grants	£0	-£24	£0	-£24	-£13
	£0	-£31	£0	-£31	-£36
	£0	-£6,238	-£29	-£6,267	-£6,360

7 Resources Expended

	Staff Costs £000	Non Pay Premises £000	Other £000	31-Aug- 13 £000	31-Aug- 12 £000
Costs of generating voluntary income	£63	£14	£8	£85	£77
Academy's educational operations:					
Direct costs	£4,145	£210	£347	£4,702	£4,565
Allocated support costs	£714	£494	£221	£1,429	£1,304
	£4,859	£704	£568	£6,131	£5,869
Governance costs including allocated support costs	£40	£0	£33	£73	£52
	£4,962	£718	£609	£6,289	£5,998

	31-Aug-13 £000	31-Aug-12 £000
Net incoming resources for the period are stated after		
Operating Leases	£6	£6
Fees Payable to Auditor		
Audit Fees	£11	£9
Other Advice	£4	£0
(Profit) / Loss on Disposal of Fixed Assets	£2	£0
Depreciation	£280	£201

8 Charitable Activities – Academy's Educational Activities:

	Unrestricted Funds £000	Restricted Funds £000	31-Aug-13 £000	31-Aug-12 £000
Direct Costs				
Teaching and Educational Support Staff costs	£9	£4,135	£4,144	£4,060
Depreciation	£0	£211	£211	£151
Loss on Disposal of Assets	£0	£2	£2	£0
Technology Costs	£0	£42	£42	£0
Educational Supplies	£0	£0	£0	£0
Examination fees	£0	£128	£128	£122
Staff development	£0	£42	£42	£39
Educational consultancy	£0	£128	£128	£188
Other direct costs	£0	£4	£4	£5
	£9	£4,692	£4,701	£4,565
Allocated Support Costs				
Support staff costs	£25	£688	£713	£670
Depreciation	£0	£56	£56	£40
Technology Costs	£0	£5	£5	£5
Recruitment and Support	£0	£46	£46	£31
Maintenance of equipment and premises	£42	£225	£267	£255
Cleaning	£0	£10	£10	£8
Rent and rates	£0	£37	£37	£19
Energy	£0	£126	£126	£101
Insurance	£0	£53	£53	£53
Security and Transport	£0	£36	£36	£35
Catering	£0	£17	£17	£17
Bank interest and charges	£0	£2	£2	£2
Other support costs	£62	£0	£62	£68
	£129	£1,301	£1,430	£1,304
	£138	£5,993	£6,131	£5,869

9 Governance Costs

	Unrestricted Funds £000	Restricted General Funds £000	31-Aug-13 £000	31-Aug-12 £000
Governance Costs				
Support costs	£0	£40	£40	£38
Legal and professional fees	£0	£22	£22	£5
Audit of financial statements	£0	£11	£11	£9
	£0	£73	£73	£52

10 Staff Costs:

Staff Costs

	31-Aug-13 £000	31-Aug-12 £000
Wages and salaries	£3,972	£3,922
Social Security Costs	£308	£305
Pension Costs	£579	£570
	£4,859	£4,797
Supply Teacher Costs	£0	£2
Compensation Payments	£40	£0
	£4,899	£4,799

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

	31-Aug-13 No	31-Aug-12 No
Teachers	64	62
Administration and Support	37	38
Managers	9	9
	110	109

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

	31-Aug-13	31-Aug-12
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	
£110,001 - £120,000		1
£120,001 - £130,000	1	
	5	4

Four (2012 three) of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2013 pension contributions for these staff members amounted to £43K (2012 £35k).

One (2012 one) of the above employees participated in the Local Government Pension Scheme. During the period ended 31 August 2013 pension contributions for this staff member amounted to £14K (2012 £14k).

11 Trustees' remuneration and expenses

The headmaster and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headmaster and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustee's remuneration was as follows:

- Dr M Fenton (headmaster and trustee) £120,000 - £125,000 (2012 £115,000 - £120,000)
- Mr J Buckridge (staff trustee) £30,000 - £35,000 (2012 £30,000 - £35,000)
- Ms T Nicholls (staff trustee) £25,000 - £30,000 (2012 £25,000 - £30,000)

Dr Challoner's Grammar School Accounts: year ending 31 August | 2013

During the year ended 31 August 2013, travel and subsistence expenses totalling £15 60 (2012 £0) were reimbursed to 1 trustee (2012 no trustee expenses)

Other related party transactions involving the trustees are set out in note 29

12 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover of up to £3,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,472 (2012 £1,650). 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						
As at 1 September 2012	£11,604	£0	£1,046	£407	£5	£13,062
Additions	£883	£0	£192	£100	£5	£1,180
Disposals	£0	£0	-£1	-£227	-£1	-£229
Transfers	£0	£0	£0	£0	£0	£0
At 31 August 2013	£12,487	£0	£1,237	£280	£9	£14,013
Depreciation						
As at 1 September 2012	-£45	£0	-£135	-£175	-£1	-£356
Charged in Year	-£31	£0	-£115	-£134	£0	-£280
Disposals	£0	£0	£1	£225	£0	£226
Transfers	£0	£0	£0	£0	£0	£0
At 31 August 2013	-£76	£0	-£249	-£84	-£1	-£410
Net Book Value						
As at 31 August 2013	£12,411	£0	£988	£196	£8	£13,603
As at 1 September 2012	£11,559	£0	£911	£232	£4	£12,706

14 Stock

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

15 Debtors

	31-Aug-13 £000	31-Aug-12 £000
Trade Debtors	£10	£84
VAT Debtors	£71	£105
Prepayments	£21	£19
	£102	£208

16 Creditors: Amount falling due within 1 year

	31-Aug-13 £000	31-Aug-12 £000
Trade creditors	-£91	-£234
Taxation and social security	-£98	-£98
Receipts in Advance / Deferred Income	-£60	-£74
	-£249	-£406

The deferred income constitutes £36K music fees for lessons taking place in autumn 2013, £6K NLE grant received in advance of 2013-14 year and £18K NNDR funding received from the EFA for the period September 2013 – March 2014

17 Funds

	Balance as at 31 August 2012 £000	Incoming Resources £000	Resources Expended £000	Gains Losses and Transfers £000	Balance as at 31 August 2013 £000
Restricted General Funds					
General Annual Grant (GAG)	-£379	-£6,077	£5,606	£613	-£237
Teaching Schools Fund	£0	-£90	£7	£0	-£83
6 Form Bursary Fund	£0	-£7	£6	£0	-£1
Pupil and Service Premium Fund	£0	-£8	£8	£0	£0
Other DfE / EFA Grants	£0	-£25	£25	£0	£0
Other Public Sector Grants	£0	-£31	£31	£0	£0
Surplus inherited from predecessor school	-£411	£0	£0	£0	-£411
Other restricted funds	£0	-£184	£184	£0	£0
Pension Fund	£1,365	£0	£0	£116	£1,481
	£575	-£6,422	£5,867	£729	£749
Restricted Fixed Asset Funds					
Donation from predecessor school	-£11,349	£0	£154	£0	-£11,195
DfE / EFA Capital Grants	-£245	-£29	£7	£0	-£267
3rd party donations	-£531	-£475	£0	£0	-£1,006
(profit) / loss on disposal	£0	£0	£3	£0	£3
Capital expenditure financed from GAG	-£582	£0	£120	-£676	-£1,138
	-£12,707	-£504	£284	-£676	-£13,603
Total Restricted Funds	-£12,132	-£6,926	£6,151	£53	-£12,854
Unrestricted Funds					
Unrestricted Funds	-£147	-£202	£138	£0	-£211
Total Unrestricted Funds	-£147	-£202	£138	£0	-£211
Total Funds	-£12,279	-£7,128	£6,289	£53	-£13,065

Analysis of Restricted General Funds held at 31 August 2013:

General Annual Grant.

This is the main funding the Academy received under its funding agreement with the Secretary of State for Education. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses that this limit was not breached.

Teaching Schools:

This fund represents the balance of funding remaining from our 2012-13 Teaching School Grants that will be used to launch the Astra Learning Alliance.

6 form bursary fund

The purpose of this fund is to remove financial barriers for students in the 16-19 stage of education. Essentially the Academy receives funding from the DFE to pass to those students most in need in line with the rules of the scheme.

The balance on this fund represents the balance regarding discretionary bursaries and this funding will be added to the funding received in 2013-14 for students applying to the scheme next academic year.

Pupil and Service Premium Fund:

At Dr Challoner's Grammar School we aim to use this funding to narrow the disadvantage gap by addressing inequalities and raising the attainment of those pupils in low-income families. The Student Development Office offers a range of services including those that provide support for students with relatively low prior attainment to help 'close the gap'. It also provides specific staff time to help monitor progress and attainment, to help ensure students have every opportunity to access to the wider school curriculum and to support transition planning as the students consider GCSE, A Level and careers options.

In addition to this general support, we develop, for those pupils who attract the premium, an individual funding support package tailored to their needs.

This plan is developed with the active involvement of parents who will be asked annually to help the school identify any specific needs that this funding could help directly support so as to make the biggest impact for their son in one of the following areas:

- have full access to our curriculum
- access our extra-curricular provision
- improve their levels of attainment and progress

Examples of how this funding has been used include the provision of computer equipment and enabling pupils to attend and enriching educational visits.

The fund has been set up so that it is possible that all the funding is spent directly on individual plans. In this instance the funding of the SDO office staffing time will be financed by the school's general reserves. This provides us with the most flexibility to meet our most disadvantaged student's needs.

Surplus Inherited from the predecessor school

This fund represents the surplus held by the school at the time that it became an academy. It can be spent on any of the objects of the Trust.

Pension Fund (negative reserve)

This negative reserve represents the deficit in relation to the local government pension scheme. It is being tackled by the school contributing to the pension fund. Note 27 contains more details.

18 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-13 £000	31-Aug-12 £000
Tangible fixed Assets	£0	£0	£13,603	£13,603	£12,707
Current Assets	£211	£981	£0	£1,192	£1,343
Current Liabilities	£0	-£249	£0	-£249	-£406
Pension Scheme Liability	£0	-£1,481	£0	-£1,481	-£1,365
	£211	-£749	£13,603	£13,065	£12,279

19 Capital Commitments

There are no capital commitments contracted for at the balance sheet date that are not provided in the financial statements (2012: 580k).

20 Financial Commitments

Operating Leases

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

	2013 £000	2012 £000
Land and Buildings		
Expiring within 1 year	£0	£0
Expiring within 2 and five years inclusive	£0	£0
Expiring in over 5 years	£0	£0
	£0	£0
Other		
Expiring within 1 year	£0	£0
Expiring within 2 and five years inclusive	£6	£6
Expiring in over 5 years	£0	£0
	£6	£6

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

	2013 £000	2012 £000
Net Income	£840	£1,254
Depreciation	£280	£201
Fixed asset disposal	2	£0
Capital Grants and Capital Income	-£504	-£610
Interest Receivable	-£2	-£1
FRS17 Pension cost less contributions payable	£20	-£20
FRS 17 pension finance income	£43	£48
(increase) / decrease in stocks	£0	£0
(increase) / decrease in debtors	£106	-£61
increase / (decrease) in creditors	-£157	-£44
Net cash inflow from operating activities	£628	£767

22 Returns on investment and servicing of finance

	2013 £000	2012 £000
Interest received	£2	£1
Net cash inflow from returns on investment and servicing of finance	£2	£1

23 Capital expenditure and financial investment

	2013 £000	2012 £000
Purchase of fixed assets	-£1,180	-£991
Capital Grants from YPLA / DfE	£29	£126
Capital funding from other sources	£475	£484
Proceeds from sale of fixed assets	£1	£0
Net cash outflow from returns on investment and servicing of finance	-£675	-£381

24 Analysis of changes in net funds

	At 1 September 2012 £000	Cash flows £000	At 31 August 2013 £000
Cash in hand and in bank	£1,135	-£45	£1,090

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 2010. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

27.1 Teachers' Pension Scheme

27.1.1 Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

27.1.2 The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

27.1.3 Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

27.1.4 Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

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.

27.2 Local Government Pension Scheme

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

The total contribution made for the year was £211K of which employer's contributions totalled £162K and employee contributions totalled £49K.

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 to £13,700	5.5%
2	£13,701 to £16,100	5.8%
3	£16,101 to £20,800	5.9%
4	£20,801 to £34,700	6.5%
5	£34,701 to £46,500	6.8%
6	£46,501 to £87,100	7.2%
7	More than £87,100	7.5%

27.2.1 Principal Actuarial Assumptions

Financial assumptions as at	31-Aug-13		31-Aug-12	
	%pa	Real	%pa	Real
Rate of increase in salaries	5.1%	1.4%	4.1%	1.4%
Rate of increase in pensions in payment	2.9%	-0.8%	1.9%	-0.8%
Discount rate for scheme liabilities	4.7%	1.0%	3.9%	1.2%
Inflation assumption (CPI)	2.9%	-0.8%	1.9%	-0.8%

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-13	31-Aug-12
<i>retiring today</i>		
Males	20.1	20.0
Females	24.1	24.0
<i>retiring in 20 years</i>		
Males	22.1	22.0
Females	26.0	25.9

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 2013	Bid value as at 31 August 2013 £000	Expected return as at 31 August 2012	Bid value as at 31 August 2012 £000
Equities	6.5%	£721	5.8%	£443
Gilts	3.5%	£41	2.8%	£48
Other Bonds	4.4%	£81	3.9%	£69
Property	6.0%	£71	5.3%	£55
Cash	0.5%	£20	0.5%	£14
Alternative Assets	6.5%	£81	5.8%	£62
Total Market Value of Assets	6.1%	£1,015	5.3%	£691
Present value of scheme liabilities				
funded		£2,496		£2,056
Surplus (deficit) in the scheme		-£1,481		-£1,365

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 September 2013 for the period to 31 August 2014). 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 £119K (year to August 2012: £49K).

27.2.3 Amounts Recognised in the Statement of Financial Activities

	At 31 August 2013 £000	At 31 August 2012 £000
Current service cost (net of employee contributions)	£182	£144
Past service cost	£0	£0
Total Operating Charge	£182	£144

27.2.4 Analysis of pension finance income (costs)

	At 31 August 2013 £000	At 31 August 2012 £000
Expected return on Pension Scheme Assets	-£42	-£35
Interest on Pension Liabilities	£85	£83
Pension Finance Income (costs)	£43	£48

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is £376K (At August 2012 £323K loss)

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

27.2.5 Movements in the present value of defined benefit obligations

	At 31 August 2013 £000	At 31 August 2012 £000
Opening defined benefit obligation	£2,056	£1,456
Current Service Cost	£182	£144
Interest Cost	£85	£83
Employee Contributions	£49	£50
Actuarial (gain) loss	£131	£353
Benefits Paid	-£7	-£30
Past Service Cost	£0	£0
Curtailments and Settlements	£0	£0
Closing defined benefit obligation	£2,496	£2,056

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

	At 31 August 2013 £000	At 31 August 2012 £000
Opening fair value of scheme assets	£691	£460
Expected return on assets	£42	£35
Actuarial gain / loss	£78	£12
Employer contributions	£162	£164
Employee contributions	£49	£50
Benefits paid	-£7	-£30
Closing fair value of scheme assets	£1,015	£691

The estimated value of employer contributions for the year ended 31 August 2014 is £155K

27.2.7 History of Experience Adjustments:

Amounts for Current and Previous Periods	Year to			
	31-Aug-13 £000	31-Aug-12 £000	31-Aug-11 £000	01-Jan-11 £000
Defined Benefits Obligation	-£2,496	-£2,056	-£1,456	-£1,330
Scheme Assets	£1,015	£691	£460	£341
Surplus / (Deficit)	-£1,481	-£1,365	-£996	-£989
Experience Adjustments on Scheme Liabilities	0	£0	£0	£0
Percentage of Liabilities	0.0%	0.0%	0.0%	0.0%
Experience Adjustments on Scheme Assets	78	£12	-£3	£0
Percentage of Assets	7.7%	1.7%	-0.7%	0.0%

27.2.8 Reconciliation of the opening and closing deficit

	For year to 31 August 2013 £000	For year to 31 August 2012 £000
Opening deficit	-£1,365	-£996
Transfer on conversion	£0	£0
Current service cost	-£182	-£144
Employer contributions	£162	£164
Other finance income	-£43	-£48
Actuarial gains / (losses)	-£53	-£341
Deficit as at 31 August 2011	-£1,481	-£1,365

27.2.9 Sensitivity analysis

	£000's	£000's	£000's
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	£2,431	£2,496	£2,562
Projected service cost	£188	£194	£201
Adjustment to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	£2,404	£2,496	£2,589
Projected service cost	£185	£194	£203

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 trustees 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 trustees 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 the Headteacher acts as President of the Friends and the Assistant Headteacher (Sixth Form and

Community) is heavily involved in the day to day running of the Friends

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

29 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees 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 trustees 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	£384,277	Income
Dr Challoner's School Fund	See note 28.2	£40,888	Income
DCGS Enterprises	See note 28.3	£3,500	Income
Friends of Dr Challoner's Grammar School	See note 28.4	£28,000	Income
The Beacon School	One governor was a director for part of the year	£22,788	Income
Bucks Cricket Board	One governor is a director	£3,780	Income
Grammar School Heads Association	One governor was chairman	£1,200	Income
DCGS Enterprises	See note 28.3	£0	Expenditure
Chiltern District Council	One governor is a Member of the Council	£475	Expenditure
Ashridge Business School	One governor was a director for part of the year	£1,080	Expenditure
Grammar School Heads Association	One governor was chairman	£664	Expenditure
Beaconsfield High School	One Governor works in a self-employed capacity with this school	£107	Expenditure