

# REGISTRAR OF COMPANIES

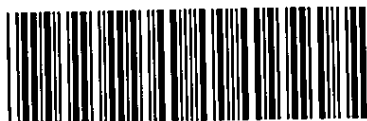
## Sandringham School Academy Trust

### Annual Report and Financial Statements

31 August 2012

Company Limited by Guarantee  
Registration Number  
07523557 (England and Wales)

THURSDAY



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## **Contents**

### **Reports**

Reference and administrative information	1
Governors' report	3
Governance statement	11
Statement of Regularity, propriety and compliance	14
Statement of governors' responsibilities	15
Independent auditor's reports	16

### **Financial statements**

Statement of financial activities	19
Balance sheet	20
Cash flow statement	21
Principal accounting policies	22
Notes to the financial statements	25

## Reference and administrative information

<b>Governors</b>	Lin Keen (Chair) Andy Sykes (Vice-Chair) Sue Bullen (resigned 9 May 2012) David Clamp Stephanie Cooper Anna Cox (appointed 9 October 2012) Duncan Gibbons Alan Gray (Headteacher and Accounting Officer) Karen Hay Ann Irwin Verity Lane (appointed 1 June 2012) Warren Leaming (Responsible Officer) Norman Leinster Christine Page (appointed 18 May 2012) Rich Peters (resigned 2 July 2012) Surinderjit Selhi Penelope Thei Keith Thomas Mark Thompson (resigned 9 October 2012) Jim Wright
<b>Headteacher</b>	Alan Gray
<b>Deputy headteacher</b>	Ceddy de la Croix
<b>Deputy headteacher</b>	James Heale (until 31 August 2012)
<b>School manager</b>	Julia Shaw
<b>Company Secretary</b>	Julia Shaw
<b>Registered address</b>	The Ridgeway St Albans Hertfordshire AL4 9NX
<b>Company registration number</b>	07523557 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## **Reference and administrative information**

**Bankers**            Lloyds TSB Bank plc  
                         1 Bancroft  
                         Hitchin  
                         Hertfordshire  
                         SG5 1JG

**Solicitors**        Browne Jacobson LLP  
                         6<sup>th</sup> Floor  
                         77 Gracechurch Street  
                         London  
                         EC3V 0AS

## **Governors' report** Year to 31 August 2012

The Governors of Sandringham School Academy Trust ('the School') present their statutory report together with the financial statements of the charitable company for the year ended 31 August 2012

The report has been prepared in accordance with Part VIII of the Charities Act 2011

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 24 of the attached financial statements and comply with the School's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005')

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

#### **Constitution**

The School is a company limited by guarantee and an exempt charity. The School's Memorandum and Articles of Association are the primary governing documents of the School.

The Governors act as the trustees for the charitable activities of School and are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Information on page 1.

#### **Governors' Indemnities**

In accordance with normal practice the School has purchased insurance to protect the Governors and officers from claims arising from negligent acts, errors or omissions whilst on School business. The cover under the policy is £2 million (2011 - £2 million) and in the period under review the sum of £1,219 (2011 - £534) was paid.

#### **Principal Activities**

Sandringham School Academy Trust's purpose is to provide high quality learning activities to students at the school and the wider community of which we serve.

#### **Method of Recruitment and Appointment or Election of Governors**

Governors are appointed as follows:

Parent Governors	Through open election for all eligible parents or guardians of students who attend Sandringham School.
Staff Governors	Through open election for all eligible members of staff working at Sandringham School.

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

**Method of Recruitment and Appointment or Election of Governors** (continued)

Community Governors	Through nomination by the board of Governors of Sandringham School. We would seek to appoint Governors with relevant background or experience to complement the existing Governor qualifications.
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**Policies and Procedures Adopted for the Induction and Training of Governors**

We expect all Governors to undertake training as appropriate to their work at the School. New Governors will be provided with an induction programme delivered partly in-house and partly through external sources as required. A log is kept of all Governor training and reviewed on a regular basis at Governor meeting.

**Structure, governance and management**

The Governors, who are also the charity trustees, are responsible for the overall management and control of the School and meet four times a year.

The work of reviewing and monitoring most of their policies is delegated to the members of the Curriculum, Achievement and Welfare Committee, the Human Resources Committee, the Audit Committee and the Resources Committee. These meet at least once each term and work under the chairmanship of a Governor appointed at the first Full Governors General Meeting each calendar year. Terms of reference of these committees are agreed annually at this meeting. The secretary to the Governors is responsible for co-ordinating the work of the Governors and their Committees, preparation of agendas and papers and review of matters arising. The School manager is responsible for preparation of accounts.

All Governors give of their time freely and no remuneration and no expenses were paid in the year.

**Organisational Structure**

The Governors determine the general policy of the School. The day to day running of the School is delegated to the Head, supported by senior staff. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the Governors which provide for only significant expenditure decisions and major capital projects to be referred to the Governors for prior approval.

The Headteacher oversees the recruitment of all educational staff, whilst under delegated authority the school manager oversees the recruitment of administrative and non-teaching support staff. The Headteacher is an ex-officio Governor, Principal Accounting Officer and attends all meetings. The School manager is invited to attend Governors' meetings as appropriate.

## **Governors' report** Year to 31 August 2012

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

#### **Members' liability**

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

#### **Governors**

The Governors are directors of the charitable company for the purposes of company law. The following Governors were in office at 31 August 2012. The Governors were in office throughout the period except where shown.

<b>Governor</b>	<b>Appointed/Resigned</b>
Lin Keen (Chair) <sup>1</sup>	
Andy Sykes (Vice-Chair) <sup>2*</sup>	
Sue Bullen	Resigned 9 May 2012
David Clamp <sup>2</sup>	
Stephanie Cooper <sup>1</sup>	
Duncan Gibbons <sup>2*</sup>	
Alan Gray	
Karen Hay <sup>3</sup>	Appointed 7 November 2011
Ann Irwin <sup>2</sup>	
Verity Lane <sup>3</sup>	Appointed 1 June 2012
Warren Leaming <sup>2</sup>	
Norman Leinster <sup>1</sup>	
Christine Page <sup>3</sup>	
Rich Peters	Resigned 2 July 2012
Surinderjit Selhi <sup>2*</sup>	
Penelope Theri <sup>1</sup>	
Keith Thomas <sup>2</sup>	Appointed 23 September 2011
Mark Thompson <sup>1</sup>	
Jim Wright <sup>1</sup>	

<sup>1</sup> Community Governor

<sup>2</sup> Parent Governor

<sup>3</sup> Staff Governor

\* Member of Resources Committee

Subsequent to 31 August 2012, Mark Thompson resigned on 9 October 2012 and Anna Cox was appointed on 9 October 2012.

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

### **Risk management**

The Governors are responsible for the overseeing of the risks faced by the School. Detailed considerations of risk are delegated to the Senior Leadership team of the School. Risks are identified, assessed and controls established throughout the period. A formal review of the School's risk management processes will be undertaken on an annual basis. Risk is managed under the headings of financial sustainability, school safety, student welfare, employment, school trips and events and community access.

Through the risk management processes established for the School, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

### **Connected Organisations, including Related Party Relationships**

The headteacher is a member of a number of professional organisations which enable him to keep abreast of current educational matters and network with other outstanding schools to share expertise, knowledge and experience.

As part of its work, the School has a formal partnership with Beaumont and Verulam Schools to provide high quality post-16 education to our joint sixth forms. It also works in a federation (The Alban Federation) with five local schools (Beaumont, Verulam, Sir John Lawes, Roundwood Park and Marlborough) to provide Graduate Teacher Training, funded by the Teacher Development Agency. In both cases, Governors review working policies in partnership with these partner schools. In July 2012, the School was awarded Teaching School status, in partnership with Sir John Lawes School.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

Sandringham School Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

### **Objectives, Strategies and Activities**

The purpose of the School is to be a learning community where young people and adults share the search for knowledge, truth and pursuit of excellence. Our vision is to deliver World Class learning to all students.

Our belief, as communicated to the pupils, is that **'Everybody can be Somebody'** because we -

- ◆ know unrecognised talent lies latent in all of us
- ◆ believe in you not only as you are but also what you might become
- ◆ want you to be able to achieve even more than you hoped to achieve



## **Governors' report** Year to 31 August 2012

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

#### **Objectives, Strategies and Activities** (continued)

- ◆ know that personal motivation is a critical factor in achieving success
- ◆ should all be able to experience the excitement of learning and euphoria of success

Our values are to

Have respect for –

- ◆ learning and achievement
- ◆ each other valuing different views, beliefs and cultures
- ◆ our community supporting activities and presenting a positive image of the School
- ◆ the environment keeping it clean and tidy and fit for learning
- ◆ the School rules and regulations

Take responsibility for –

- ◆ making significant progress and being a successful learner
- ◆ setting high standards of behaviour, conduct, appearance and attitude
- ◆ being independent learners and leaders, taking initiative and supporting others
- ◆ meeting the challenges of the future and being confident in all that you do
- ◆ making a positive contribution to society

Develop relationships which –

- ◆ are strong between each other in and out of School
- ◆ allow you to lead safe and healthy lives and look after the well being of each other
- ◆ help you think creatively and rationally and be enthusiastic about learning
- ◆ help you know and value other people

Our objectives for the period included consolidation of assets, instigation of sixth form capital development, use of new technologies and staff development. Governors and senior staff worked throughout the period to ensure we moved forward on the above activities.

#### **Public Benefit**

Sandringham School Academy Trust is a charitable trust which seeks to benefit the public through the pursuit of its stated aims.

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**OBJECTIVES AND ACTIVITIES** (continued)

**Achievements and Performance**

Our academic results again showed further improvements with some of our public examination results being the best achieved by the School to date

At GCSE, 89% of students achieved 5 A\*-C grades including English and Mathematics with 99% achieving 5 A\* - C overall. A total of 47% of all grades achieved were A\* and A and many students achieved 5 or more A\* grades

At A-level, 59% of all grades were A\*, A or B and students achieved an average of 221 points per subject. These results ensured that almost all leavers took up higher education places in 2012 for their preferred courses

Other key achievements and activities in the 2011/12 academic year have included -

- ◆ Receiving excellent reports from our School Improvement Partner (SIP) for submission to the DfE,
- ◆ Students at the School undertook a wide range of extra-curricular activities from arts through to sports with considerable success,
- ◆ Building the School's 6<sup>th</sup> Form extension,
- ◆ Gaining funding for a new sports hall and obtaining positive community response to outline plans,
- ◆ Continued increased use of technology to support learning in the classroom through establishment of the School's virtual learning environment (VLE) and the introduction of ipads and netbooks,
- ◆ Continued staff development through regular teacher toolkit sessions and establishment of a middle and established leader training programme, and
- ◆ Awarded Teaching School status in conjunction with Sir John Lawes School and agreed joint working arrangements with other local schools

**Going Concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it has adopted 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 Principal Accounting Policies

**FINANCIAL REVIEW**

The majority of the school's funding was provided by the Education Funding Agency (EFA). The School's total incoming resources for the year ended 31 August 2012 amounted to £7,491,989 (five month period ended 31 August 2011 - £17,461,998) of which £5,927,350 (2011 - £2,658,262) related to the EFA revenue grant and £23,693 (2011 - £24,706) for the EFA capital grant. In addition, the School has received funding of £316,044 (2011 - £109,842) from the Teachers Development Agency and £379,500 (2011 - £176,250) from Partnership for Schools in respect of capital projects

## **Governors' report** Year to 31 August 2012

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

The School held fund balances of £14,596,028 (2011 - £14,468,191) at 31 August 2012 which includes unrestricted funds of £694,763 (2011 - £690,258) of which £412,414 (2011 - £544,000) is designated

### **Reserves Policy**

The Governors have developed a reserve policy for the School. This review to prepare the policy encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Governors have determined that the appropriate level of free reserves (total funds less the amount held in tangible fixed assets and restricted funds) should be approximately £75,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide resources to deal with unexpected emergencies such as urgent maintenance. The School's current level of free reserves is £694,763 (2011 - £690,258) which is more than needed, although £412,414 (2011 - £544,000) has been designated for completing the School's 6th form development and a significant part of the remaining reserves are being held for development of the Sports Hall.

### **Investment Policy**

The School's Investment Strategy is

- 1 Regularly monitor cash flow and current/fund account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the accounts have adequate balances to meet forthcoming commitments. In practice a working balance of between £100,000 and £300,000 is likely to be maintained.
- 2 Identify funds surplus to immediate cash requirements and transfer to the School's deposit account bearing a higher interest rate.
- 3 Periodically review interest rates and compare with other investment opportunities.
- 4 The School's current policy is to only invest funds in risk free and immediately assessable deposit accounts.

Any change in policy requires the approval of Governors via the Resources Committee.

### **Plans for Future Periods**

The Governors intend to continue their current strategies of maintaining the School's position in a competitive market by providing outstanding education for all students. Achieving high standards of academic results is a constant aim whilst maintaining the breadth and depth of wider education to develop the whole person.

The headteacher and senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our students' development.

Our future plans are financed from income direct from the DfE, related to student numbers and other lump-sum factors. Governors will ensure funding is invested appropriately for the next generation of students as they have done in the past for current students.

## **Governors' report** Year to 31 August 2012

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

#### **Plans for Future Periods** (continued)

Maintaining and, where necessary, developing the fabric of the facilities of the School are central to our strategy. Our plans are primarily focussed on expansion of the School's sporting provision and completion of the 6<sup>th</sup> form development. Since the period end work has been completed on the sixth form expansion project and planning permission for the new sports hall is eagerly awaited. Tenders for the sports hall have been invited so as to ensure an early start can be achieved for the building work.

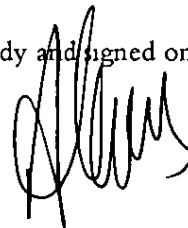
We have a planned programme of maintenance and investment for the School site. Each year we invest heavily in computer equipment and infrastructure to ensure our students and staff have the very best technology we can provide.

Environmental issues are also high priority and we continue to develop our buildings to ensure they are more energy efficient.

Approved by order of the members of the Governing Body and signed on their behalf by



Lin Keen  
Chair of Governors



Alan Gray  
Accounting Officer

Date 27 November 2012

### **Scope of responsibility**

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

The Governing Body have delegated the day-to-day responsibility to the Headteacher, 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 the School and the Secretary of State for Education. The Headteacher 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 Governors' report and in the statement of Governors' responsibilities. The Governing Body has formally met four times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Sue Bullen	3	3
David Clamp	4	4
Stephanie Cooper	3	4
Duncan Gibbons	4	4
Alan Gray	4	4
Karen Hay	4	4
Ann Irwin	4	4
Lin Keen	4	4
Verity Lane	1	1
Warren Leaming	2	4
Norman Leinster	2	4
Christine Page	1	1
Rich Peters	2	3
Surinderjit Selhi	4	4
Andy Sykes	4	4
Penny Thei	3	4
Keith Thomas	3	4
Mark Thompson	3	4
Jim Wright	4	4

Key changes to the composition of the governing body include:

- ◆ An additional parent governor was appointed in September 2011
- ◆ Three new staff governors were appointed which included Verity Lane (replaced Richard Peters who left the school), Christine Page (replaced Sue Bullen who resigned) and Karen Hay (who replaced Anne Lyons whose term of office expired)

## **Governance statement 31 August 2012**

### **Governance (continued)**

A key challenge for the Governing Body was the oversight of the 6th form expansion project. This was undertaken by members of the Resources Committee.

The Resources Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finance and resources. During the year, Sue Bullen and Richard Peters resigned from the Resources Committee and were subsequently replaced by Christine Page and Keith Thomas.

Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Sue Bullen	4	6
Duncan Gibbons	6	6
Alan Gray	5	6
Anne Lyons	0	1
Rich Peters	1	1
Surinderjit Selhi	5	6
Andy Sykes	5	6
Mark Thompson	1	3

### **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 and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the School for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **The risk and control framework**

The 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:

**The risk and control framework** (continued)

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- ◆ regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- ◆ setting targets to measure financial and other performance,
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines,
- ◆ delegation of authority and segregation of duties,
- ◆ identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Warren Leaming as Responsible Officer ('RO') assisted by Buzzacott LLP. The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a quarterly basis, the RO will report to the Governors on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. These RO checks were carried out during the year and the findings from these visits resulted in some recommendations being made but none which were deemed to be significant.

**Review of effectiveness**

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

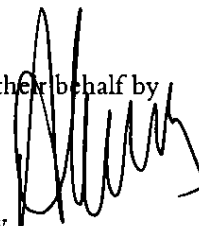
- ◆ the work of the responsible officer,
- ◆ the work of the external auditor,
- ◆ the financial management and governance self assessment process,
- ◆ the work of the Senior Leadership Team within the School who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has advised the Resources Committee of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by



Lin Keen  
Chair of the Governing Body



Alan Gray  
Headteacher and Accounting Officer

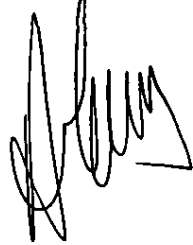
Approved on: 27 November 2012

**Statement on regularity, propriety and compliance** 31 August 2012

As accounting officer of Sandringham School, I have considered my responsibility to notify the Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the School 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 Governing Body are able to identify any material irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School'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.

A handwritten signature in black ink, appearing to read 'Alan Gray', with a stylized flourish at the end.

Alan Gray

Accounting Officer

Date 27 November 2012



## Statement of governors' responsibilities 31 August 2012

The Governors (who act as trustees for charitable activities of Sandringham School Academy Trust and are also the directors of the School for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP),
- ◆ make judgments and estimates that are reasonable and prudent,
- ◆ state whether applicable United Kingdom 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 School will continue in business

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School 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 School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Governing Body on 27 November 2012 and signed on its behalf by



Lin Keen  
Chair of the Governing Body

Date 27 November 2012

## **Independent auditor's report on the financial statements 31 August 2012**

### **Independent auditor's report to the members of Sandringham School Academy Trust**

We have audited the financial statements of Sandringham School Academy Trust for the year ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

### **Respective responsibilities of Governors and auditor**

The Governors act as trustees for the charitable activities of Sandringham School Academy Trust and are also the directors of the charity for the purpose of company law.

As explained more fully in the statement of Governors' responsibilities set out in the Governors' report, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

## **Independent auditor's report on the financial statements** 31 August 2012

### **Opinion**

In our opinion

- ◆ the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006, and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction for 2011/12 issued by the Education Funding Agency

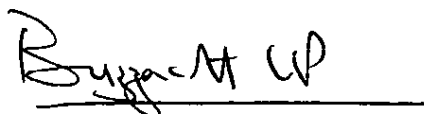
### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

18 December 2012

## **Independent auditor's report on regularity** 31 August 2012

### **Independent auditor's report on regularity to the Governing Body of Sandringham School Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 5 August 2011 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the School during the period from 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

### **Respective responsibilities of the Governing Body and auditor**

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

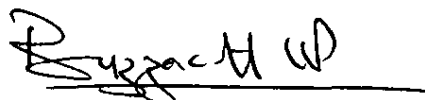
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review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

### **Basis of opinion**

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

### **Opinion**

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



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

18 December 2012

**Statement of financial activities** Year to 31 August 2012  
(Incorporating the Income and Expenditure account)

			Restricted funds			Year to 31 August 2012 Total funds £	Five month period to 31 August 2011 Total funds £
	Notes	Unrestricted general fund £	EFA £	Other £	Fixed assets fund £		
<b>Incoming resources</b>							
Incoming resources from generated funds							
Voluntary income	2	37,070	—	—	—	<b>37,070</b>	14,198,737
Activities for generating funds	3	681,440	—	—	—	<b>681,440</b>	233,006
Investment income	4	9,290	—	—	—	<b>9,290</b>	1,505
Incoming resources from charitable activities							
Funding for the School's educational operations	5	46,944	5,927,350	386,702	403,193	<b>6,764,189</b>	3,028,750
<b>Total incoming resources</b>		<b>774,744</b>	<b>5,927,350</b>	<b>386,702</b>	<b>403,193</b>	<b>7,491,989</b>	<b>17,461,998</b>
<b>Resources expended</b>							
Cost of generating funds							
Cost of generating voluntary income	6	281,404	114,378	—	—	<b>395,782</b>	127,311
Charitable activities							
School's educational operations	7	—	5,340,673	399,153	1,039,814	<b>6,779,640</b>	2,828,468
Governance costs	8	—	14,730	—	—	<b>14,730</b>	24,028
<b>Total resources expended</b>	6	<b>281,404</b>	<b>5,469,781</b>	<b>399,153</b>	<b>1,039,814</b>	<b>7,190,152</b>	<b>2,979,807</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>493,340</b>	<b>457,569</b>	<b>(12,451)</b>	<b>(636,621)</b>	<b>301,837</b>	<b>14,482,191</b>
Gross transfers between funds	18	(488,835)	(527,854)	—	1,016,689	—	—
<b>Net income (expenditure) for the period</b>		<b>4,505</b>	<b>(70,285)</b>	<b>(12,451)</b>	<b>380,068</b>	<b>301,837</b>	<b>14,482,191</b>
<b>Other recognised gains and losses</b>							
Actuarial losses on defined benefit pension scheme	27	—	(174,000)	—	—	<b>(174,000)</b>	(14,000)
<b>Net movement in funds</b>		<b>4,505</b>	<b>(244,285)</b>	<b>(12,451)</b>	<b>380,068</b>	<b>127,837</b>	<b>14,468,191</b>
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 September 2011		690,258	(425,715)	23,578	14,180,070	<b>14,468,191</b>	—
<b>Fund balances carried forward at 31 August 2012</b>		<b>694,763</b>	<b>(670,000)</b>	<b>11,127</b>	<b>14,560,138</b>	<b>14,596,028</b>	<b>14,468,191</b>

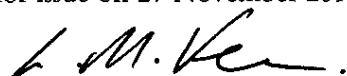
All of the School's activities derived from continuing operations during the above two financial periods

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

## Balance sheet 31 August 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible fixed assets	12	14,361,138	14,003,820
<b>Current assets</b>			
Stock	13	19,997	12,162
Debtors	14	301,516	230,292
Cash at bank and in hand		1,275,203	1,320,252
		<u>1,596,716</u>	<u>1,562,706</u>
<b>Creditors</b> amounts falling due within one year	15	(675,447)	(539,758)
<b>Net current assets</b>		<u>921,269</u>	<u>1,022,948</u>
<b>Total assets less current liabilities</b>		<b>15,282,407</b>	15,026,768
<b>Creditors</b> amounts falling due after one year	16	(16,379)	(23,577)
<b>Net assets excluding pension scheme liability</b>		<b>15,266,028</b>	15,003,191
Pension scheme liability	27	(670,000)	(535,000)
<b>Net assets including pension scheme liability</b>		<u><b>14,596,028</b></u>	<u>14,468,191</u>
<b>Funds of the School</b>			
<b>Restricted funds</b>			
Fixed assets fund	18	14,560,138	14,180,070
EFA fund	18	—	109,285
Pension reserve	18	(670,000)	(535,000)
Other restricted funds	18	11,127	23,578
<b>Total restricted funds</b>		<u>13,901,265</u>	<u>13,777,933</u>
<b>Unrestricted funds</b>			
General fund	18	282,349	146,258
Designated funds	18	412,414	544,000
<b>Total unrestricted funds</b>		<u>694,763</u>	<u>690,258</u>
<b>Total funds</b>		<u><b>14,596,028</b></u>	<u>14,468,191</u>

The financial statements on pages 19 to 41 were approved by the Governors, and authorised for issue on 27 November 2012 and are signed on their behalf by



Lin Keen

Chair of Governors

Sandringham School Academy Trust

Company Limited by Guarantee

Registration Number 07523557 (England and Wales)

## Cash flow statement Year to 31 August 2012

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	22	<b>559,157</b>	1,293,412
Returns on investment and servicing of finance	23	<b>9,290</b>	1,505
Capital expenditure	24	<b>(613,496)</b>	25,335
<b>(Decrease) increase in cash in the period</b>		<b>(45,049)</b>	1,320,252
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2011		<b>1,320,252</b>	—
<b>Net funds at 31 August 2012</b>	25	<b>1,275,203</b>	1,320,252

## **Principal accounting policies** Year to 31 August 2012

### **Basis of preparation**

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

### **Going concern**

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

### **Incoming resources**

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

#### *Grants receivable*

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

#### *Sponsorship income*

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

#### *Donations*

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

#### *Other income*

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

### **Resources expended**

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



## **Principal accounting policies** Year to 31 August 2012

### **Resources expended** (continued)

#### *Costs of generating funds*

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

#### *Charitable activities*

These are costs incurred on the School's educational operations

#### *Governance costs*

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

All resources expended are inclusive of irrecoverable VAT

### **Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

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

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

Long leasehold buildings	4% Straight line
Fixtures, fittings and equipment	20% Straight line
Computer equipment	33% Straight line

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

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

### **Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

### **Stock**

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

## **Principal accounting policies** Year to 31 August 2012

### **Taxation**

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

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 26, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the School at the discretion of the Governors. Designated funds are those funds earmarked by the Governors for a specific purpose. They are unrestricted and the Governors may ultimately use such funds for other purposes.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

## Notes to the Financial Statements Year to 31 August 2012

### 1 General Annual Grant (GAG)

	Year to 31 August 2012 £	Five month period to 31 August 2011 £
<b>a Results and carry forward for the period</b>		
GAG allocation brought forward	106,382	—
GAG allocation for current period	5,880,053	2,633,262
<b>Total GAG available to spend</b>	<b>5,986,435</b>	<b>2,633,262</b>
Recurrent expenditure from GAG	(5,458,581)	(2,375,964)
Fixed assets purchased from GAG	(527,854)	(150,916)
<b>GAG carried forward to next year*</b>	<b>—</b>	<b>106,382</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current period)	(705,606)	(315,991)
<b>GAG to surrender to DfE (12% rule breach if result is positive)</b>	<b>(705,606)</b>	<b>(209,609)</b>
	<b>No breach</b>	<b>No breach</b>

\* This excludes the FRS17 credit of £39,000 (2011 - £4,000 charge)

	Year to 31 August 2012 £	Five month period to 31 August 2011 £
<b>b Use of GAG brought forward from previous year for recurrent purposes</b>		
Recurrent expenditure from GAG in current year	5,458,581	2,375,964
GAG allocation for current year	(5,880,053)	(2,633,262)
GAG allocation for previous year x 2%	(52,665)	—
<b>GAG brought forward from previous year in excess of 2% used on recurrent expenditure in current year (2% rule breached if result is positive)</b>	<b>(474,137)</b>	<b>(257,298)</b>
	<b>No breach</b>	<b>No breach</b>

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
Donations received on conversion	—	—	—	14,696,938
Pension liability inherited on conversion	—	—	—	(517,000)
Other donations	37,070	—	37,070	18,799
	37,070	—	37,070	14,198,737

Donations received on conversion in 2011 comprised monies received from Hertfordshire County Council on transfer to Academy status of £596,938, the valuation attributed to the Academy building being £14,100,000 and the value of the pension deficit inherited on conversion being £517,000

## Notes to the Financial Statements Year to 31 August 2012

### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
Hire of facilities	177,657	—	<b>177,657</b>	46,049
Theatre and productions income	91,775	—	<b>91,775</b>	38,258
School trip income	269,678	—	<b>269,678</b>	62,121
Income from student activities	49,771	—	<b>49,771</b>	33,362
Other income	92,559	—	<b>92,559</b>	53,216
	<b>681,440</b>	<b>—</b>	<b>681,440</b>	<b>233,006</b>

### 4 Investment income

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
Bank interest received	9,290	—	<b>9,290</b>	1,505

## Notes to the Financial Statements Year to 31 August 2012

### 5 Funding for the School's educational operations

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
<b>DfE / EFA capital grant</b>				
Devolved formula grants	—	23,693	<b>23,693</b>	24,706
Partnership for Schools capital grant	—	180,500	<b>180,500</b>	176,250
Partnership for Schools capital grant - sports centre	—	199,000	<b>199,000</b>	—
	—	403,193	<b>403,193</b>	200,956
<b>DfE / EFA revenue grant</b>				
General Annual Grant (GAG) (note 1)	—	5,880,053	<b>5,880,053</b>	2,633,262
Pupil Premium Grant	—	24,888	<b>24,888</b>	—
16-19 Bursary	—	10,260	<b>10,260</b>	—
SSCO	—	7,600	<b>7,600</b>	—
Other EFA grants	—	4,549	<b>4,549</b>	—
Start up grants	—	—	—	25,000
	—	5,927,350	<b>5,927,350</b>	2,658,262
<b>Other grants</b>				
Training & Development Agency - Alban Federation	—	279,843	<b>279,843</b>	109,842
Training & Development Agency - Sandringham School	—	51,948	<b>51,948</b>	—
Local Authority Special educational needs	—	29,391	<b>29,391</b>	14,047
One to one tuition	—	613	<b>613</b>	12,041
National College Income	—	9,700	<b>9,700</b>	10,000
Hertfordshire County Council	—	5,600	<b>5,600</b>	—
Schools Sports partnership	—	—	—	6,563
Gifted and talented	—	—	—	4,000
Local Authority Diploma funding	—	335	<b>335</b>	4,985
LA Pupil Premium	—	4,000	<b>4,000</b>	—
Local Authority Special School grant	—	—	—	2,050
Local Authority Specific Learning Difficulties funding	—	1,582	<b>1,582</b>	3,383
Local Authority HSS Intervention funding	—	—	—	1,111
Local Authority NQT funding	—	—	—	1,000
LA Fringe Payment	25,232	—	<b>25,232</b>	—
HCC SAPG	21,712	—	<b>21,712</b>	—
Extended Opportunities funding	—	3,690	<b>3,690</b>	510
	46,944	386,702	<b>433,646</b>	169,532
	46,944	6,717,245	<b>6,764,189</b>	3,028,750

## Notes to the Financial Statements Year to 31 August 2012

### 6 Resources expended

	Non pay expenditure			Year to 31 August 2012 £	Five month period to 31 August 2011 £
	Staff costs £	Premises £	Other costs £		
Costs of generating funds	—	—	395,782	<b>395,782</b>	127,311
School's educational operations					
Direct costs	4,199,962	—	816,130	<b>5,016,092</b>	2,092,441
Allocated support costs	556,260	568,171	639,117	<b>1,763,548</b>	736,027
	<u>4,756,222</u>	<u>568,171</u>	<u>1,455,247</u>	<b>6,779,640</b>	2,828,468
Governance costs including allocated support costs	—	—	14,730	<b>14,730</b>	24,028
	<u>4,756,222</u>	<u>568,171</u>	<u>1,865,759</u>	<b>7,190,152</b>	2,979,807
<b>Incoming resources for the period include:</b>				<b>Year to 31 August 2012 £</b>	<b>Five month period to 31 August 2011 £</b>
Fees payable to auditor					
Audit				<b>9,200</b>	9,000
Other services				<b>4,180</b>	4,750

## Notes to the Financial Statements Year to 31 August 2012

### 7 Charitable activities - School's educational operations

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
<b>Direct costs</b>				
Teaching and educational support staff costs	—	4,199,962	<b>4,199,962</b>	1,792,396
Educational supplies	—	545,246	<b>545,246</b>	179,016
Examination fees	—	134,865	<b>134,865</b>	42,083
Staff development	—	45,980	<b>45,980</b>	7,315
Other direct costs	—	90,039	<b>90,039</b>	71,631
	—	<b>5,016,092</b>	<b>5,016,092</b>	2,092,441
<b>Allocated support costs</b>				
Support staff costs	—	556,260	<b>556,260</b>	250,699
Depreciation	—	659,371	<b>659,371</b>	247,095
Recruitment and support	—	46,992	<b>46,992</b>	6,211
Maintenance of premises and equipment	—	213,755	<b>213,755</b>	134,022
Cleaning	—	36,386	<b>36,386</b>	10,068
Rent and rates	—	36,395	<b>36,395</b>	14,599
Insurance	—	57,244	<b>57,244</b>	22,981
Security and transport	—	13,762	<b>13,762</b>	4,180
Catering	—	32,688	<b>32,688</b>	10,834
Pension finance costs	—	23,000	<b>23,000</b>	9,000
Bank interest and charges	—	2,472	<b>2,472</b>	649
Other support costs	—	85,223	<b>85,223</b>	25,689
	—	<b>1,763,548</b>	<b>1,763,548</b>	736,027
	—	<b>6,779,640</b>	<b>6,779,640</b>	2,828,468

### 8 Governance costs

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
Legal and professional fees	—	2,100	<b>2,100</b>	9,743
Auditor's remuneration				
Audit of financial statements	—	9,200	<b>9,200</b>	9,000
Other non audit services	—	3,430	<b>3,430</b>	4,750
Support costs	—	—	—	535
	—	<b>14,730</b>	<b>14,730</b>	24,028

## Notes to the Financial Statements Year to 31 August 2012

### 9 Staff costs

Staff costs during the period were

	Unrestricted funds £	Restricted funds £	Year to 31 August 2012 £	Five month period to 31 August 2011 £
Wages and salaries	—	3,992,031	<b>3,992,031</b>	1,703,095
Social security costs	—	291,379	<b>291,379</b>	122,931
Pension costs	—	467,780	<b>467,780</b>	223,069
	—	4,751,190	<b>4,751,190</b>	2,049,095
Supply teacher costs	—	5,032	<b>5,032</b>	9,729
	—	4,756,222	<b>4,756,222</b>	2,058,824

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

Charitable activities	2012 £	2011 £
Teachers	<b>77</b>	82
Administration and support	<b>42</b>	40
Management	<b>9</b>	9
	<b>128</b>	131

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

	2012 No	2011 No
£60,001 - £70,000	<b>1</b>	1
£70,001 - £80,000	<b>1</b>	1
£100,001 - £110,000	<b>1</b>	1

Each of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £33,378 (five month period to 31 August 2011 - £13,746)



## Notes to the Financial Statements Year to 31 August 2012

### 10 Governors' remuneration and expenses

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the School in respect of their role as Governors. The value of Governors' remuneration was as follows:

	Year ended 31 August 2012 £	Period ended 31 August 2011 £
A Grey, Principal	£100,001 - £105,000	£40,001 - £45,000
S Bullen, staff governor and trustee	£10,001 - £15,000	—
K Hay, staff governor and trustee	£30,001 - £35,000	—
V Lane, staff governor and trustee	£10,001 - £15,000	—
A Lyons, staff governor and trustee	£0 - £5,000	£5,001 - £10,000
C Page, staff governor and trustee	£5,001 - £10,000	—
R Peters, staff governor and trustee	£25,001 - £30,000	£5,001 - £10,000

During the year ended 31 August 2012 no expenses were reimbursed to Governors (2011 – £17 reimbursed to one Governor).

Other related party transactions involving the Governors are set out in note 28.

### 11 Governors' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2 million (2011 – £2 million) on any one claim and the cost for the year ended 31 August 2012 was £1,219 (2011 – £534).

### 12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Leasehold improvements £	Total funds £
<b>Cost</b>					
At 1 September 2011	14,100,000	49,829	38,940	62,146	14,250,915
Additions	—	64,561	29,866	922,262	1,016,689
At 31 August 2012	14,100,000	114,390	68,806	984,408	15,267,604
<b>Depreciation</b>					
At 1 September 2011	235,000	4,152	5,354	2,589	247,095
Charge in period	564,000	22,878	22,935	49,558	659,371
At 31 August 2012	799,000	27,030	28,289	52,147	906,466
<b>Net book value</b>					
At 31 August 2012	13,301,000	87,360	40,517	932,261	14,361,138
At 31 August 2011	13,865,000	45,677	33,586	59,557	14,003,820

## Notes to the Financial Statements Year to 31 August 2012

### 12 Tangible fixed assets (continued)

The School acquired the school land and buildings from Hertfordshire County Council on 1 April 2011. The Governors have based their valuation of the building on the depreciated insurance value of premises of the initial site and cost information for recent developments.

Title to the site at The Ridgeway, St Albans is registered in the name of the School but has not been included in these financial statements because the site is designated for educational purposes only and has no market value.

### 13 Stock

	2012 £	2011 £
Books	19,997	12,162

### 14 Debtors

	2012 £	2011 £
Trade debtors	29,738	67,355
Prepayments	134,411	84,512
Other debtors	137,367	78,425
	<b>301,516</b>	<b>230,292</b>

### 15 Creditors' amounts falling due within one year

	2012 £	2011 £
Trade creditors	281,249	95,242
Other taxation and social security	88,028	92,536
Other creditors	24,546	68,071
Accruals and deferred income	273,816	276,101
Loan from Hertfordshire County Council (note 17)	7,808	7,808
	<b>675,447</b>	<b>539,758</b>

#### Deferred income

Deferred income at 1 September 2011	152,831	—
Released during the year	(152,831)	—
Resources deferred in the year	202,416	152,831
Deferred income at 31 August 2012	<b>202,416</b>	<b>152,831</b>

Deferred income of £92,828 (2011 - £152,831) relates to income received in the period for school trips and other activities that are taking place in the year ending 31 August 2013.

Deferred income of £109,588 relates to grant funding received in advance.

## Notes to the Financial Statements Year to 31 August 2012

### 16 Creditors' amounts falling due after one year

	2012 £	2011 £
Loan from Hertfordshire Council (note 17)	16,379	23,577

### 17 Loans

The loan from Hertfordshire County Council which was taken on as part of the transfer to Academy status is repayable as follows

	2012 £	2011 £
In one year or less	7,808	7,808
Between two and five years	16,379	23,577
<b>Total</b>	<b>24,187</b>	<b>31,385</b>

The loan is interest free and unsecured

## Notes to the Financial Statements Year to 31 August 2012

### 18 Funds

	Balance at 1 September 2011 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	106,382	5,880,053	(5,458,581)	(527,854)	—
Pupil Premium Grant	—	24,888	(24,888)	—	—
16-19 Bursary	—	10,260	(10,260)	—	—
SSCO	—	7,600	(7,600)	—	—
Other YPLA grants	—	4,549	(4,549)	—	—
Start Up Grant	2,903	—	(2,903)	—	—
	109,285	5,927,350	(5,508,781)	(527,854)	—
Pension reserve	(535,000)	—	39,000	(174,000)	(670,000)
	(425,715)	5,927,350	(5,469,781)	(701,854)	(670,000)
<b>Restricted fixed assets fund</b>					
DfE / EFA capital grants	—	23,693	(23,693)	—	—
Capital expenditure from GAG	138,820	—	(95,371)	527,854	571,303
Inherited fixed assets fund	13,865,000	—	(564,000)	—	13,301,000
Partnership for Schools – roof refurbishment	176,250	180,500	(356,750)	—	—
Capital expenditure from unrestricted funds	—	—	—	488,835	488,835
Partnerships for Schools – sports hall	—	199,000	—	—	199,000
	14,180,070	403,193	(1,039,814)	1,016,689	14,560,138
<b>Restricted other funds</b>					
Training & Development Agency - Alban Federation	22,599	331,791	(343,263)	—	11,127
Local Authority Special educational needs	—	29,391	(29,391)	—	—
One to one tuition	—	613	(613)	—	—
National College Income	—	9,700	(9,700)	—	—
Hertfordshire County Council	—	5,600	(5,600)	—	—
Local Authority Diploma funding	—	335	(335)	—	—
LA Pupil Premium	—	4,000	(4,000)	—	—
Local Authority Specific Learning Difficulties funding	979	1,582	(2,561)	—	—
Extended Opportunities Funding	—	3,690	(3,690)	—	—
	23,578	386,702	(399,153)	—	11,127
<b>Total restricted funds</b>	<b>13,777,933</b>	<b>6,717,245</b>	<b>(6,908,748)</b>	<b>314,835</b>	<b>13,901,265</b>
<b>Unrestricted funds</b>					
General funds	146,258	774,744	(281,404)	(357,249)	282,349
Designated funds	544,000	—	—	(131,586)	412,414
<b>Total unrestricted funds</b>	<b>690,258</b>	<b>774,744</b>	<b>(281,404)</b>	<b>(488,835)</b>	<b>694,763</b>
<b>Total funds</b>	<b>14,468,191</b>	<b>7,491,989</b>	<b>(7,190,152)</b>	<b>(174,000)</b>	<b>14,596,028</b>

Designated funds of £412,414 (2011 - £544,000) were set aside for the development of the School's sixth form centre

## Notes to the Financial Statements Year to 31 August 2012

### 19 Analysis of net assets between funds

	Unrestricted funds £	Restricted general Funds £	Restricted fixed asset Fund £	Total 2012 £
<b>Fund balances at 31 August 2012 are represented by</b>				
Tangible fixed assets	—	—	14,361,138	<b>14,361,138</b>
Current assets	694,763	702,953	199,000	<b>1,596,716</b>
Current liabilities	—	(675,447)	—	<b>(675,447)</b>
Long-term liabilities	—	(16,379)	—	<b>(16,379)</b>
Pension scheme liability	—	(670,000)	—	<b>(670,000)</b>
<b>Total net assets</b>	<b>694,763</b>	<b>(658,873)</b>	<b>14,560,138</b>	<b>14,596,028</b>

### 20 Capital commitments

	2012 £	2011 £
Contracted for, but not provided in the financial statements	<b>412,414</b>	—

The capital commitment relates to costs to be incurred in completing the sixth form centre

### 21 Financial commitments

#### Operating leases

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

Other	2012 £	2011 £
Expiring within one year	<b>10,566</b>	—
Expiring within two and five years inclusive	<b>18,321</b>	7,044
	<b>28,887</b>	7,044

### 22 Reconciliation of net income to net cash inflow from operating activities

	2012 £	2011 £
Net income	<b>301,837</b>	14,482,191
Depreciation (note 12)	<b>659,371</b>	247,095
Capital grants from DfE / EFA	<b>(403,193)</b>	(200,956)
Inherited pension scheme deficit	—	517,000
Buildings donated on conversion	—	(14,100,000)
Interest receivable (note 4)	<b>(9,290)</b>	(1,505)
Assets below capitalisation threshold purchased	—	24,706
FRS 17 pension cost less contributions payable (note 27)	<b>(62,000)</b>	(5,000)
FRS 17 pension finance costs (note 27)	<b>23,000</b>	9,000
Increase in stocks	<b>(7,835)</b>	(12,162)
Increase in debtors	<b>(71,224)</b>	(230,292)
Increase in creditors	<b>128,491</b>	563,335
<b>Net cash inflow from operating activities</b>	<b>559,157</b>	1,293,412

## Notes to the Financial Statements Year to 31 August 2012

### 23 Returns on investment and servicing of finance

	2012 £	2011 £
Interest received	9,290	1,505
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>9,290</b>	<b>1,505</b>

### 24 Capital expenditure

	2012 £	2011 £
Capital grants from DfE / EFA	403,193	200,956
Purchase of tangible fixed assets	(1,016,689)	(150,915)
Assets below capitalisation threshold purchased	—	(24,706)
<b>Net cash (outflow) inflow from capital expenditure</b>	<b>(613,496)</b>	<b>25,335</b>

### 25 Analysis of changes in net funds

	At 1 September 2011 £	Cashflows £	At 31 August 2012 £
Cash in hand and at bank	1,320,252	(45,049)	<b>1,275,203</b>

### 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 School's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council Both are defined-benefit 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

No contributions were payable to the schemes at 31 August 2012 (2011 - £68,071)

**27 Pension and similar obligations (continued)**

**Teachers' Pension Scheme**

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

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

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

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

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

## Notes to the Financial Statements Year to 31 August 2012

### 27 Pension and similar obligations (continued)

#### Teachers' Pension Scheme (continued)

As from 1 January 2007, and as part of the cost - sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 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. The cost - sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

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

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £159,211 (five month period ended 31 August 2011 - £68,190), of which employer's contributions totalled £123,848 (five month period ended 31 August 2011 - £52,857) and employees' contributions totalled £35,363 (five month period ended 31 August 2011 - £15,333).

Principal actuarial assumptions	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.50%	4.90%
Rate of increase for pensions in payment / inflation	2.20%	2.60%
Discount rate for scheme liabilities	4.10%	5.40%
Inflation assumption (CPI)	2.20%	2.60%
Commutation of pensions to lump sums	50%	50%



## Notes to the Financial Statements Year to 31 August 2012

### 27 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	21.0	21.0
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	22.9	22.9
Females	25.7	25.7

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000	Expected return at 31 August 2011	Fair value at 31 August 2011 £'000
Equities	5.6%	566	6.8%	351
Bonds	3.4%	156	4.6%	117
Property	3.7%	49	4.8%	32
Cash	2.8%	49	3.9%	32
<b>Total market value of assets</b>		<b>820</b>		<b>532</b>
Present value of scheme liabilities				
Funded		(1,490)		(1,067)
<b>Deficit in the scheme</b>		<b>(670)</b>		<b>(535)</b>

	2012 £'000	2011 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service costs	(115)	(45)
<b>Total operating charge</b>	<b>(115)</b>	<b>(45)</b>

#### Analysis of pension finance costs

Expected return on pension scheme assets	39	14
Interest on pension liabilities	(62)	(23)
<b>Pension finance costs</b>	<b>(23)</b>	<b>(9)</b>

## Notes to the Financial Statements Year to 31 August 2012

### 27 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £188,000 loss.

	2012 £'000	2011 £'000
Deficit at 1 September 2012	(535)	(517)
Current service cost	(115)	(45)
Employer contributions	177	50
Net finance interest	(23)	(9)
Actuarial loss	(174)	(14)
<b>At 31 August 2012</b>	<b>(670)</b>	<b>(535)</b>

<b>Movements in the present value of defined benefit obligations were as follows</b>	2012 £'000	2011 £'000
At 1 September 2012	1,067	1,007
Current service costs	115	45
Interest costs	62	23
Employee contributions	50	15
Actuarial loss (gain)	196	(23)
<b>At 31 August 2012</b>	<b>1,490</b>	<b>1,067</b>

<b>Movements in the fair value of School's share of scheme assets</b>	2012 £'000	2011 £'000
At 1 September 2012	532	490
Expected return on assets	39	14
Actuarial gain (loss)	22	(37)
Employer contributions	177	50
Employee contributions	50	15
<b>At 31 August 2012</b>	<b>820</b>	<b>532</b>

The estimated value of the employer contributions for the year ending 31 August 2013 is £118,000 (2011 - £127,000)

## Notes to the Financial Statements Year to 31 August 2012

### 27 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

The experience adjustments is as follows

	2012 £'000	2011 £'000
Present value of defined benefit obligations	(1,490)	(1,067)
Fair value of share of scheme assets	820	532
Deficit in the scheme	(670)	(535)
Experience adjustments on share of scheme assets Amount £'000	22	(37)
Experience adjustments on scheme liabilities Amount £'000	—	—

### 28 Related Party Transactions

Owing to the nature of the School's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.