

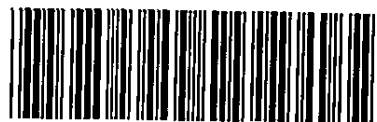
CLAREMONT HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**GOVERNORS' REPORT &
FINANCIAL STATEMENTS**

for the year ended 31 August 2013

Company Registration Number:
07557868 (England and Wales)

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CLAREMONT HIGH SCHOOL ACADEMY TRUST

FINANCIAL STATEMENTS

Year ended 31 August 2013

CONTENTS	Page
REFERENCE & ADMINISTRATIVE DETAILS	1
GOVERNORS' REPORT	3
GOVERNANCE STATEMENT	10
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE	13
STATEMENT OF GOVERNORS' RESPONSIBILITIES	14
INDEPENDENT AUDITOR'S REPORTS	15
STATEMENT OF FINANCIAL ACTIVITIES	19
BALANCE SHEET	20
CASH FLOW STATEMENT	21
NOTES TO THE FINANCIAL STATEMENTS	23

CLAREMONT HIGH SCHOOL ACADEMY TRUST

1

FINANCIAL STATEMENTS

Year ended 31 August 2013

REFERENCE & ADMINISTRATIVE DETAILS

Governors

Mr S.R Brunswick*	(Chairman)
Mr H Bowen*	
Ms B Campbell	
Ms E J P Coles	
Mr W A Cuggy*	
Mr R W Eagle*	(Staff Governor)
Mr J Jhally*	(Vice-Chairman)
Dr N C Molden*	
Mr F T Molloy*	(Headteacher & Accounting Officer)
Mrs S O Parmar	
Ms B Ragheb	
Mr G Stewart	(Staff Governor)
Mr K Taylor*	
Dr D J M Wright	

* Member of the Finance and Buildings Committee

Senior Management Team

Mr F T Molloy	(Headteacher & Accounting Officer)
Ms G Aspinall	(Associate Headteacher)
Ms N Boughey	(Deputy Headteacher)
Ms B Thomas	(Deputy Headteacher)
Ms B Ragheb	(Associate Deputy Headteacher)
Mr C Digby	(Associate Deputy Headteacher)
Mr S Arnell	(Acting Deputy Headteacher)

Responsible Office

MCA Cooper Associates
The Quadrant
99 Parkway Avenue
Sheffield
S9 4WG

Company Number

7557868 (England & Wales)

Principal and Registered Office

Claremont Avenue
Kenton
Harrow
Middlesex HA3 OUH

CLAREMONT HIGH SCHOOL ACADEMY TRUST

2

FINANCIAL STATEMENTS

Year ended 31 August 2013

REFERENCE & ADMINISTRATIVE DETAILS (Continued)

Independent Auditor

Chantrey Vellacott DFK
Russell Square House
10/12 Russell Square
London WC1B 5LF

Bankers

Barclays Business Banking
P O Box 13555
Acorn House
36/38 Park Royal Road
London NW10 7WJ

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

GOVERNORS' REPORT**Year ended 31 August 2013**

The Governors present their Annual Report together with the Financial Statements and Auditor's Report of the charitable company for the year ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

Claremont High School Academy Trust which is a Company Limited by Guarantee incorporated in England & Wales on 9 March 2011 (Number 7557868) is also an Exempt Charity. The Charitable Company's Memorandum and Articles of Association which are the primary governing documents of the Academy also define Claremont High School as "The Academy Trust"

The term "Governors" which has been used throughout these Financial Statements also covers the roles as Trustees for the charitable activities of Claremont High School Academy Trust and as Directors of the Charitable Company for the purposes of Company Law

Details of the Governors who served throughout the period are included in Reference and Administrative Details on page 1

Members Liability

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

Governors' Indemnity

The Academy has taken out cover with third party insurance providers relating to Governors' indemnity at a total cost of £983. The limit of indemnity cover is £1 million

Principal Activities

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum

Method of Recruitment and Appointment or Election of Governors

The number of Governors shall not be less than three and unless determined by ordinary resolution the total number of Governors shall not be subject to any maximum

The Articles of Association provide for the appointment or election of the undernoted categories of Governors

- | | |
|-----------------------------------|--|
| • Principal Governor (ex officio) | Headteacher |
| • 7 Parent Governors | Elected by Parents of registered pupils at the Academy |
| • Up to 3 Staff Governors | The Governing Body shall make all necessary arrangements for, and determine all matters relating to, the election and removal of Staff Governors |
| • Up to 2 Partnership Governors | Appointed by the Governing Body |
| • Up to 5 Community Governors | Appointed by the Governing Body |
| • Up to 3 Co-Opted Governors | Appointed by the Governing Body |

GOVERNORS' REPORT (Continued)**Year ended 31 August 2013****STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)****Method of Recruitment and Appointment or Election of Governors (Continued)**

The election of Parent and Staff Governors is outside the control of the Governing Body

The appointment of Governors which fall within the jurisdiction of the Governing Body are made on the basis of what skills and contribution new Governors can make to the Governing Body in the conduct of the business of the Academy

Policies and Procedures Adopted for the Induction and Training of Governors

On an appointment or election, each new Governor is issued with a Handbook giving details relevant to being a Governor at Claremont High School Academy Trust

Arranged induction meetings include

A meeting with the Chairman who will explain the structure and workings of the Academy, and

Meetings with the Headteacher who will

- Discuss all current issues being dealt with by the Governing Body
- Explain the roles and responsibilities of Managers within the Academy
- Take the new Governor on a tour of the Academy
- Introduce the new Governor to personnel within the Academy

Governors are made aware of what training courses are available and are encouraged to attend courses to enhance their contribution to their role as a Governor of Claremont High School Academy Trust

Organisational Structure**Governing Body**

The Governing Body is responsible for strategic planning and for monitoring of actions taken by the Headteacher in the implementation of those plans

Sub-Committees of the Governing Body

Constituted sub-Committees each of which has oversight responsibilities and deal with

- Finance and Buildings
- Personnel
- Curriculum
- Pupils - Admissions
- Pupil Discipline
- Inclusion & Child Protection / Safeguarding

Headteacher & Senior Management Team

The Headteacher in association with the Senior Management Team is responsible for the day-to-day management of the Academy and for the implementation of the strategic decisions of the Governing Body

GOVERNORS' REPORT (Continued)

Year ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

Organisational Structure (Continued)

Accounting Officer

The Headteacher is the Accounting Officer

Responsible Officer

The professional services of MCA Cooper Associates have been engaged in the role of Responsible Officer to carry out internal audits of financial procedures and controls

Risk Management

Major risks identified and addressed by Governors include

Strategic Risks

- Fraud
- Failure to comply with UK or EU Legislation
- Failure to comply with Health & Safety Legislation
- Failure to comply with HR Legislation

Operational Risks

- Production of inaccurate information for consideration by Governors
- Long-term illness of Finance Staff
- Computer system crashes
- Fire & Flood

Financial Risks

- Budget Holder overspends
- Contractors ceasing to trade part way through Capital Projects
- Risks relating to financial control and procedures

The Governors have established rigorous systems and procedures to identify and manage issues of Risk. These procedures include the development of a Risk Register which is subject to annual review.

GOVERNORS' REPORT (Continued)**Year ended 31 August 2013****OBJECTIVES AND ACTIVITIES****Objects and Aims**

As defined in the Articles of Association, the principal object of the Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum

This principal objective incorporates the provision and maintenance of the highest attainable education standards for its students

In setting objectives and planning activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit

The main objectives of the Academy are summarised below

Achievement and Outcomes Objective

To continue the achievement of high educational standards taking into account the profiles of each year group with greater emphasis being given to English Baccalaureate subjects

Teaching and Learning Objective

To ensure, with greater emphasis being given to the quality of Teaching and Learning, that provision across the Academy meets the needs and matches the aspirations of all learners at all key stages

Behaviour and Safety Objective

To ensure that all learners are able to learn and participate to the best of their ability in a calm and purposeful atmosphere which is conducive to high levels of engagement, challenge and enjoyment

Leadership and Management Objective

To ensure that all leaders across the Academy make a positive contribution to

- The achievement of pupil outcomes in accordance with the Academy Improvement Plan
- The Academy's ambition to move beyond "Outstanding"

6th Form Objective

To ensure

- That all learners in the 6th Form make or exceed their expected progress across Years 12 and 13 using the Fischer & ALPS data
- That the 6th Form becomes a Centre of Excellence for teaching and learning

CLAREMONT HIGH SCHOOL ACADEMY TRUST

7

GOVERNORS' REPORT (Continued)

Year ended 31 August 2013

Achievements and Performance

Achievements in 2012/13 were in line with defined objectives, aims and planning

The allocation of resources and dedicated action by teaching staff ensured that students had access to high quality education which in turn had positive impact on the public examination passes. Notable achievements in public examinations include

- Year 11 Results continue to exceed the National Average with 96% of all student achieving 5 A*- C GCSE (National Average 81.9%)
- At AS and A2 Levels there was a 98% pass rate

The Academy environment has been, and continues to be improved by the allocation of financial resources

GOING CONCERN

After making appropriate enquiries, the Governing Body has a reasonable expectation that Claremont High School 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

OPERATING & FINANCIAL REVIEW

The Academy's main source of income is derived from the Education Funding Agency. The grants received during the year ended 31 August 2013 and the associated expenditure are shown in the Statement of Financial Activities - Page 19. The 2012 comparative figures represent 18 months activities

Unrestricted Fund

Net incoming resources for the year amounted to £210K (2012 £318K). The carry-forward surplus for the year is £528k

Restricted General Funds

Restricted incoming resources for the year which amounts to £10,406K (2012 £15,145K) is mainly comprised of grants receivable from Education Funding Agency. Restricted expenditure for the year amounted to £10,002K (2012 £14,175K) giving a surplus of £404K (2012 £970K) before Funds transfers

Actuarial loss on the defined pension scheme of £24K (2012 £144K) has been charged to satisfy the requirements of FRS17, Retirement Benefits, in relation to the Academy's pension scheme liabilities - See Note 23 to the Financial Statements

The deficit carried forward at 31 August 2013 amounts to £877K (2012 £865K)

CLAREMONT HIGH SCHOOL ACADEMY TRUST

GOVERNORS' REPORT (Continued)

8

OPERATING & FINANCIAL REVIEW (Continued)

Restricted Fixed Assets Fund

The balance on the Fund at 31 August 2013 is net of depreciation at £27,074K (2012 £27,160K)
Details of the movement are highlighted in Note 17 to the Financial Statements

Reserves and their Application

Reserves at 31 August 2013 comprise,

	2013 £000	2012 £000
a) Restricted Fixed Assets Fund	27,074	27,160
b) Restricted General Fund	(877)	(865)
c) Unrestricted Fund	528	318

Principal Risks and Uncertainties

Principal risks and uncertainties faced by Claremont High School Academy Trust are outlined within the Risk Register (reviewed annually by the Governors)

Strategic Risks

- Fraud
- Failure to comply with UK or EU Legislation
- Failure to comply with Health & Safety Legislation
- Failure to comply with HR Legislation

Operational Risks

- Production of inaccurate information for consideration by Governors
- Long-term illness of Finance Staff
- Computer system crashes
- Fire & Flood

Financial Risks

- Budget Holder overspends
- Contractors ceasing to trade part way through Capital Projects
- Risks relating to financial control and procedures

Commencing with financial year 2011/2012 there are no expenditure restrictions imposed on carry-forward GAG amounts, Governors have agreed that the available General Fund surplus will be primarily applied to meet the cost of property enhancement, refurbishment and repairs unless advice is given by the pension actuary to reduce the LGPS pension deficit

CLAREMONT HIGH SCHOOL ACADEMY TRUST

9

GOVERNORS' REPORT (Continued) **Year ended 31 August 2013**

AUDITOR

In so far as the Governors are aware

- There is no relevant audit information of which the Charitable Company's Auditor is unaware and,
- The Governors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish the Auditor is aware of that information

Chantrey Vellacott who were appointed to undertake the audit of Claremont High School Academy Trust for the year ended 31 August 2013 have indicated willingness to stand for reappointment for the 2013/2014 financial year

Approved by orders of the Members of the Governing Body on 12th December 2013 and signed on its behalf by,



Mr S.R Brunswick
Chairman

GOVERNANCE STATEMENT**Year ended 31 August 2013****Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Claremont High 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 has 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 Claremont High School Academy Trust and the Secretary of State for Education. The Accounting Officer 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 Governor's Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met five times during the year. Attendance during the year at meetings of the Governing Body was as follows,

Governors – Meetings attended out of a possible number

5/5	Mr S R Brunswick*	(Chairman)
2/5	Mr H Bowen*	
4/5	Ms B Campbell	
4/5	Ms E J P Coles	
5/5	Mr W A Cuggy*	
4/5	Mr R W Eagle*	(Staff Governor)
4/5	Mr J Jhally*	(Vice-Chairman)
2/5	Dr N C Molden*	
4/5	Mr F T Molloy*	(Headteacher & Accounting Officer)
4/5	Mrs S O Parmar	
5/5	Ms B Ragheb	
5/5	Mr G Stewart	(Staff Governor)
3/5	Mr K Taylor*	
4/5	Dr D J M Wright	

* Member of the Finance and Buildings Committee

GOVERNANCE STATEMENT (Continued)**Year ended 31 August 2013****The Finance and Building Committee**

The Finance and Building Committee is a sub-Committee of the main Governing Body
Its purpose is to

- Draw any matters of significance or concern to the attention of the Governing Body
- Consider and recommend acceptance or non-acceptance of the Academy Budget for approval at the start of each financial year
- Monitor and review expenditure on a regular basis and ensure compliance with overall financial planning and Education Funding Agency financial regulations

Governors – Meetings attended out of a possible number

4/4	Mr S R Brunswick	(Chairman)
1/4	Mr H Bowen	
4/4	Mr W A Cuggy	
4/4	Mr R W Eagle	(Staff Governor)
4/4	Mr J Jhally	(Vice-Chairman)
1/4	Dr N C Molden	
3/4	Mr F T Molloy	(Headteacher & Accounting Officer)
2/4	Mr K Tailor	

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 Claremont High School Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Claremont High School Academy Trust for the year ended 31 August 2013 and up to the date of approval of the Governors' Report & Financial Statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks (via the annual update of the Risk Register) to which Claremont High School Academy Trust is exposed together with the operating, financial and compliance controls which have been implemented to mitigate those risks. The Governing Body is of the view that there was a formal ongoing process for identifying, evaluating and managing the significant risks of Claremont High School Academy Trust in the year ended 31 August 2013 (via the date of approval of the Governors' Report & Financial Statements).

GOVERNANCE STATEMENT (Continued)**Year ended 31 August 2013****The Risk and Control Framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body
- Regular reviews by the Finance and Building 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 via annual update of Risk Register

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 MCA Cooper Associates, as Responsible Office ("RO"). The RO's role includes giving advice on financial matters and performing a range of checks on the Claremont High School Academy Trust financial systems.

During the year ended 31 August 2013 the RO has submitted reports to the Governing Body covering system and procedural reviews principally relating to cash management, payroll, risk and control, purchases and a review of the new SAGE accounting system.

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

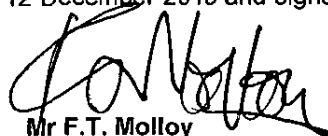
- The work of the Responsible Officer
- The work of the External Auditor
- The financial management and governance self assessment process
- The work of the executive managers within Claremont High School Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of reviews of the system of internal control by the Finance and Building Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Governing Body on 12 December 2013 and signed on its behalf by,



Mr S.R. Brunswick
Chairman



Mr F.T. Molloy
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY
AND COMPLIANCE**

Year ended 31 August 2013

As Accounting Officer of Claremont High School Academy Trust I have considered my responsibility to notify the Governing Body and the Education Funding Agency of any material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the Funding Agreement in place between Claremont High School Academy and the Secretary of State for Education

As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook

I confirm that I and the Claremont High School Academy Trust Governing Body are able to identify any material irregular or improper use of funds, or material non-compliance with the terms and conditions of funding under the Claremont High School Academy Trust 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 'F.T. Molloy', written over a horizontal line.

Mr F.T. Molloy
Accounting Officer

STATEMENT OF GOVERNORS' RESPONSIBILITIES**Year ended 31 August 2013**

The Governors (who act as Trustees for the charitable activities of Claremont High School Academy Trust and are also the Directors of the Charitable Company for the purposes of Company Law) are responsible for preparing the Governors' Report and Financial Statements in accordance with the Annual Accounts Direction 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 Charitable Company and of its incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these Financial Statements, the Governors are required to

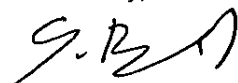
- Select suitable accounting policies and apply them consistently,
- Observe the method and principles of the Charities SORP,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Claremont High School Academy Trust transactions and disclose with reasonable accuracy at any time the financial position of Claremont High School Academy Trust and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Claremont High School Academy Trust 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 Claremont High School Academy Trust applies financial and other controls, which conform with the requirements of both proprietary and good financial management. They are also responsible for ensuring grants received from Education Funding Agency /Department of Education 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 Claremont High School Academy Trust website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Approved by order of the Members of the Governing Body on 12 December 2013 and signed on its behalf by,



Mr S R. Brunswick
Chairman

Independent Auditor's report on the Financial Statements to the members of Claremont High School Academy Trust

We have audited the financial statements of Claremont High School Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Standards (United Kingdom Generally Accepted Accounting Practice), the Academies accounts Direction 2013 issued by the Education Funding Agency and applicable law.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

CLAREMONT HIGH SCHOOL ACADEMY TRUST

16

Independent Auditor's report on the Financial Statements to the members of Claremont High School Academy Trust (continued)

Opinion on matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period 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

Chantrey Vellacott DFK LLP

PHILIP CLARK (Senior Statutory Auditor)
for and on behalf of **CHANTREY VELLACOTT DFK LLP**
Chartered Accountants and Statutory Auditor
London, UK

Date. *16 December 2013*

CLAREMONT HIGH SCHOOL ACADEMY TRUST

17

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Claremont High School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 17 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 Claremont High School Academy Trust during the year ended 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 Claremont High School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Claremont High School Academy Trust 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 Claremont High School Academy Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Claremont High School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy's funding agreement with the Secretary of State for Education dated 28 March 2011 and the Academies Financial Handbook, extant from 1 September 2012 as published by DfES on 2006, 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 year ended 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.

CLAREMONT HIGH SCHOOL ACADEMY TRUST

18

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Claremont High School Academy Trust and the Education Funding Agency (continued)

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

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2013. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing

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 year ended 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

Chantrey Vellacott DFK LLP

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
London, UK

Date: *16 December 2013*

CLAREMONT HIGH SCHOOL ACADEMY TRUST
STATEMENT OF FINANCIAL ACTIVITIES

19

For the year ended 31 August 2013

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2013 Total £000	Restated 2012 Total £000
Incoming Resources						
Incoming resources from generated funds						
Voluntary Income	2	268	238	-	506	447
Transfer from LA on conversion		-	-	-	-	25,739
Activities for generating funds	3	170	228	-	398	384
Investment Income	4	4	-	-	4	5
Incoming resources from charitable activities						
Funding for the Academy's educational operations	5	-	9,940	116	10,056	15,034
Total Incoming Resources		442	10,406	116	10,964	41,609
Resources Expended						
Cost of generating funds	6					
Costs of generating voluntary income		232	79	-	311	334
Fundraising trading		-	156	-	156	167
Charitable activities						
Academy's educational operations	7	-	9,709	594	10,303	14,296
Governance costs	8	-	58	-	58	55
Total Resources Expended		232	10,002	594	10,828	14,852
Net incoming / (Outgoing)						
Resources before Transfers		210	404	(478)	136	26,757
Gross transfers between funds		-	(392)	392	-	-
Net Income / (Expenditure) for the Period		210	12	(86)	136	26,757
Other Recognised Gains and Losses						
Actuarial (losses) gains on defined benefit pension scheme	23	-	(24)	-	(24)	(144)
Net Movement in Funds		210	(12)	(86)	112	26,613
Funds B/Forward at 1 September 2012		318	(865)	27,880	27,333	-
Prior year adjustment		-	-	(720)	(720)	-
Funds B/Forward at 1 September 2012 Restated		318	(865)	27,160	26,613	26,613
Funds C/Forward at 31 August 2013	24	528	(877)	27,074	26,725	26,613

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

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

The attached Notes to Financial Statements on pages 23 to 41 form an integral part of the Financial Statements

CLAREMONT HIGH SCHOOL ACADEMY TRUST

20

BALANCE SHEET

as at 31 August 2013

	Note	2013 £000	2013 £000	Restated 2012 £000	£000
Fixed Assets					
Tangible Assets	12		27,559		27,822
Current Assets					
Stock		-		4	
Debtors	13	406		414	
Cash at bank and in hand		1,493		1,170	
		<u>1,899</u>		<u>1,588</u>	
Creditors					
Amounts falling due within one year	14	<u>(655)</u>		<u>(722)</u>	
Net Current Assets			1,244		866
Creditors					
Amounts falling due after one year	15		<u>(536)</u>		<u>(601)</u>
Net Assets excluding Pension Liability			28,267		28,087
Pension scheme liability	23		<u>(1,542)</u>		<u>(1,474)</u>
Net Assets Including Pension Liability			<u>26,725</u>		<u>26,613</u>
Funds of the Academy	16				
Restricted Funds					
Fixed Assets Fund		27,074		27,160	
General Funds		685		609	
Pension Reserve		<u>(1,542)</u>		<u>(1,474)</u>	
Total Restricted Funds			26,196		26,295
Unrestricted Funds					
General Funds		<u>528</u>		<u>318</u>	
Total Unrestricted Funds			528		318
Total Funds			<u>26,725</u>		<u>26,613</u>

The financial statements on pages 23 to 41 were approved by the Governors and authorised for issue on 12 December 2013 and are signed on their behalf by


Mr S R Brunswick
Chairman

Company number 07557868

CLAREMONT HIGH SCHOOL ACADEMY TRUST**21****CASHFLOW STATEMENT****For the year ended 31 August 2013**

	Note	2013 £000	2012 £000
Net Cash Inflow from Operating Activities	18	595	864
Returns on investments	19	4	5
Capital expenditure	20	(215)	(361)
Increase/(Decrease) in cash in the year		384	508
Net funds at 1 September 2012		508	-
Net funds at 31 August 2013		892	508

Reconciliation of net cash flow

	2012 £000	Cashflows £000	Other Changes £000	2013 £000
Cash in hand and at bank	1,170	323	-	1,493
Debt due within 1 year	(61)	61	(65)	(65)
Debt due after 1 year	(601)	-	65	(536)
Net funds at 31 August 2013	508	384	-	892

NOTES TO THE FINANCIAL STATEMENTS**Period 1 September 2012 to 31 August 2013**

Note	Page	
1	23	Statement of Accounting Policies
2	27	Voluntary Income
3	27	Activities for Generating Funds
4	27	Investment Income
5	27	Funding for Academy's Educational Operations
6	28	Resources Expended
7	29	Charitable Activities - Academy's Educational Operations
8	29	Governance Costs
9	30	Staff Costs
10	30	Governors' Remuneration and Expenses
11	31	Governors' and Officers' Insurance
12	31	Tangible Fixed Assets
13	31	Debtors
14	32	Creditors : Amounts Falling Due Within One Year
15	32	Loan
16	33	Funds
17	33	Analysis of Net Assets Between Funds
18	34	Reconciliation of Net Income to Net Cash Inflow from Operations
19	34	Returns on Investments and Servicing of Finance
20	34	Capital Expenditure
21	34	Capital Commitments
22	35	Members' Liability
23	35	Pension and Similar Obligations
24	41	Prior Year Adjustment

NOTES TO THE FINANCIAL STATEMENTS**Period 1 September 2012 to 31 August 2013****1. STATEMENT OF ACCOUNTING POLICIES****1.1 Basis of Preparation**

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

1.2 Going Concern

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

1.3 Incoming Resources

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

• Grants Receivable

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

• Donations

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

• Other Income

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

1.4 Resources Expended

All expenditure is recognised in the period in which the liability is incurred and has been classified under headings which aggregate all costs relating 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Period 1 September 2012 to 31 August 2013****1. STATEMENT OF ACCOUNTING POLICIES** (Continued)**1.4 Resources Expended** (Continued)

- **Costs of Generating Funds**

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

- **Charitable Activities (Academy's Educational Operations)**

These are costs incurred relating to the Academy's educational operations

- **Governance Costs**

These include costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and other support costs

All resources expended are inclusive of any irrecoverable VAT

1.5 Tangible Fixed Assets

Individual assets costing £500 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 are acquired with the aid of specific grants, either from the Government or 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 Academy's depreciation policy

An analysis of Tangible Fixed Assets on Claremont High School Academy's balance sheet as at the 31st of August 2013 is shown in Note 12 to the Financial Statements

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 life, as follows,

• Freehold Buildings	2 - 6%
• Fixtures, Fittings & Equipment	20%
• Computer Equipment & Software	33 1/3%
• Motor Vehicles	33 1/3%

NOTES TO THE FINANCIAL STATEMENTS (Continued)**For the year ended 31 August 2013****1 STATEMENT OF ACCOUNTING POLICIES** (Continued)**1.5 Tangible Fixed Assets** (Continued)**Depreciation Policy** (Continued)

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 fixed assets 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 Taxation

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

1.7 Pension Benefits

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

TPS Scheme

The TPS is an unfunded scheme and contributions are calculated to spread the pension cost over employees' working lives with the Academy to ensure 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 23, 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**For the year ended 31 August 2013****1. STATEMENT OF ACCOUNTING POLICIES** (Continued)**1.7 Pension Benefits** (Continued)**LGPS Scheme**

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

1.8 Fund Accounting**Unrestricted Income Funds**

Are resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Governors.

Restricted Fixed Assets Funds

Are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the assets acquired or created are held for a specific purpose.

Restricted General Funds

Comprise all other restricted funds received and include grants from the Education Funding Agency.

CLAREMONT HIGH SCHOOL ACADEMY TRUST**27****NOTES TO FINANCIAL STATEMENTS (continued)****For the year ended 31 August 2013****2 VOLUNTARY INCOME**

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Trips & other related activities	268	238	506	447
	268	238	506	447

3 ACTIVITIES FOR GENERATING FUNDS

Hire of facilities	164	0	164	165
Catering Income	0	216	216	201
Other	6	12	18	18
	170	228	398	384

4 INVESTMENT INCOME

Bank Interest	4	-	4	5
	4	-	4	5

**5 FUNDING FOR ACADEMY'S
EDUCATIONAL OPERATIONS**

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Assets Funds £000	2013 Total £000	2012 Total £000
DfE/EFA grants					
GAG allocation for the year	-	9,118		9,118	13,892
Capital grants			116	116	-
Other DfE/EFA grants	-	368	-	368	352
Other Government Grants					
Local Authority Grants	-	454	-	454	790
Special educational projects		-	-	-	-
	-	9,940	116	10,056	15,034

CLAREMONT HIGH SCHOOL ACADEMY TRUST**28****NOTES TO FINANCIAL STATEMENTS 9(continued)****For the year ended 31 August 2013****6 RESOURCES EXPENDED**

	Staff Costs £000	Non-Pay Expenditure Premises £000	Other £000	2013 Total £000	2012 Total £000
Costs of voluntary income					
Trips & Other related activities	-	-	311	311	334
Costs of generating funds					
Catering	-	-	156	156	167
	-	-	467	467	501

Incoming/(Outgoing) resources for the year include

	2013 £000	2012 £000
Fees payable to auditors - audit	11	11
- other services	2	2
	<u>13</u>	<u>13</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 August 2013

7 CHARITABLE ACTIVITIES - ACADEMY'S
EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Direct Costs				
Teaching & educational support staff costs	-	6,846	6,846	9,698
Depreciation	-	62	62	52
Educational Supplies	-	257	257	392
Examination fees	-	194	194	289
Staff development	-	96	96	104
Other Direct Costs	-	302	302	223
	-	7,757	7,757	10,758
Allocated Support Costs				
Support staff costs	-	1,080	1,080	1,355
Depreciation	-	536	536	745
Recruitment & support	-	42	42	64
Maintenance of premises & equipment	-	137	137	203
Cleaning	-	11	11	17
Rent & rates	-	37	37	79
Insurances	-	45	45	263
Security & transport	-	15	15	17
Bank interest & charges	-	37	37	49
Other support costs	-	606	606	746
	-	2,546	2,546	3,538
	-	10,303	10,303	14,296
8 GOVERNANCE COSTS				
Legal & professional fees	-	19	19	24
Auditor's remuneration				
audit of the financial statements		11	11	11
other audit costs	-	2	2	2
Support costs	-	26	26	18
	-	58	58	55

CLAREMONT HIGH SCHOOL ACADEMY TRUST**30****NOTES TO FINANCIAL STATEMENTS (continued)****For the year ended 31 August 2013****9 STAFF COSTS**

	2013 £000	2012 £000
Staff costs during the year were		
Wages & salaries	6,408	8,752
Social security costs	657	1,040
Pension costs	834	1,170
	<hr/>	<hr/>
	7,797	10,962
Other staff-related costs	129	91
	<hr/>	<hr/>
	7,926	11,053
	<hr/>	<hr/>

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

	2013 Number	2012 Number
Charitable Activities		
Teachers	100	101
Administration & support	69	64
Management	15	15
	<hr/>	<hr/>
	184	180
	<hr/>	<hr/>

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

	2013 Number	2012 Number
£60,001 - £70,000	7	10
£70,001 - £80,000	2	1
£110,001 - £120,000	1	1

Each of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013 pension contributions for these staff amounted to £90,827 (2012 £165,847)

10 GOVERNORS' REMUNERATION AND EXPENSES

The Principal and Staff Governors only receive remuneration in respect of services they provide undertaking the roles as members of staff and not in respect of their services as Governors

Mr F T Molloy	£112,000
Ms B Ragheb	£67,000
Mr R Eagle	£50,000
Mr G Stewart	£48,000

Other Governors did not receive any payments, inclusive of expenses, from the Academy in respect of their role as Governors

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended 31 August 2013

11 GOVERNORS' & OFFICERS' INSURANCE

In accordance with commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance cover has an indemnity limit of £1,000,000 and the annual premium cost approximates £1,000.

12 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £000	Buildings Capital Improves £000	Furniture & Equipment £000	Computer Equipment £000	Motor Vehicle £000		Total £000
Cost or Valuation							
At 1 September 2012	27,507	1,054	40	73	3		28,677
Prior year adjustment	-	(58)	-	-	-		(58)
Restated balance at 1 September 2012	27,507	996	40	73	3	-	28,619
Additions	-	235	60	36	-		331
At 31 August 2013	27,507	1,231	100	109	3	-	28,950
Depreciation							
At 1 September 2012	724	19	18	34	2		797
Charged in the year	511	25	20	37	1		594
At 31 August 2013	1,235	44	38	71	3		1,391
Net Book Value							
At 31 August 2013	26,272	1,187	62	38	-	-	27,559
At 31 August 2012	26,783	977	22	39	1	-	27,822

The values for Freehold Land & Buildings are based on a professional valuation at 1 April 2011 carried out by DVS, a business regulated by the Royal Institution of Chartered Surveyors.

13 DEBTORS

	2013 £000	2012 £000
Value Added Tax	79	95
Prepayments and accrued income	297	279
Other Debtors	30	40
	<u>406</u>	<u>414</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2013

	2013	Restated 2012
14 CREDITORS :		
AMOUNTS FALLING DUE WITHIN ONE YEAR	£000	£000
Trade Creditors	271	316
Other taxation & social security	169	171
Pension liabilities	93	87
Loan (Note 15)	65	61
Accruals & other creditors	57	87
	<hr/>	<hr/>
	655	722
	<hr/>	<hr/>

15 LOAN

A Loan Agreement between LB Brent and Claremont High School Academy Trust was executed on 31 March 2011. The loan which is for a 10 year period at an interest rate of 5% per annum is repayable in equal instalments on a calendar quarterly basis subsequent to a lump sum repayment of £200,000 on 1 May 2011.

	2013	Restated 2012
	£000	£000
Amounts due within one year	65	61
Amount due after one year	536	601
	<hr/>	<hr/>
	601	662
	<hr/>	<hr/>

CLAREMONT HIGH SCHOOL ACADEMY TRUST

33

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended 31 August 2013

16 FUNDS

	Rostated Balance 01-Sep 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Transfers Between Funds £000	Balance 31-Aug 2013 £000
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	609	9,118	(8,901)	-	(392)	434
Pension Reserve	(1,474)	-	(44)	(24)	-	(1,542)
Non DfE/EFA grants	-	1,288	(1,057)	-	-	231
	(865)	10,406	(10,002)	(24)	(392)	(877)
RESTRICTED FIXED ASSET FUND						
Capital expenditure from GAG	27,160	116	(594)	-	392	27,074
Total Restricted funds	27,160	116	(594)	-	392	27,074
UNRESTRICTED FUNDS						
Unrestricted funds	318	442	(232)	-	-	528
Total unrestricted funds	318	442	(232)	-	-	528
TOTAL FUNDS	26,613	10,964	(10,828)	(24)	-	26,725

The purpose of the Restricted Fixed Asset Fund is to hold the Academy's fixed assets recorded net of depreciation

Under the funding agreement with the secretary of State, the academy trust was not subject to a limit on the amounts of GAG that it could carry forward at 31 August 2013

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets	-	-	27,559	27,559
Current assets	528	1,255	116	1,899
Creditors due within 1 year	-	(590)	(65)	(655)
Creditors due after 1 year	-	-	(536)	(536)
Pension Scheme Liability	-	(1,542)	-	(1,542)
	528	(877)	27,074	26,725

CLAREMONT HIGH SCHOOL ACADEMY TRUST**34****NOTES TO FINANCIAL STATEMENTS (continued)****For the year ended 31 August 2013****18 RECONCILIATION OF NET INCOME TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2013	2012
	£000	£000
Net income	136	26,757
ADD		
Depreciation	694	797
FRS 17 pension adjustment	44	71
LESS		
Transfer from LA on conversion		(26,190)
Capital grant	(116)	(809)
Interest received	(4)	(5)
Decrease/(Increase) in stock	4	(4)
Decrease/(Increase) in debtors	8	(414)
Decrease/(Increase) in creditors	(71)	661
Net Cash inflow from operating activities	595	864

**19 RETURNS ON INVESTMENTS AND
SERVICING OF FINANCE**

	2013	2012
	£000	£000
Interest received	4	5
Net Cash Inflow from Returns on Investments	4	5

20 CAPITAL EXPENDITURE

	2013	2012
	£000	£000
Purchase of tangible fixed assets	(331)	(1,170)
Capital Grants from EFA	116	809
Net Cash Outflow from Capital Expenditure	(215)	(361)

21 CAPITAL COMMITMENTS

Capital expenditure for land and buildings and capital improvements in respect of the building of a new Hall and Lecture Rooms that was authorised and contracted for but not provided for in the financial statements amounted to £1.8m

NOTES TO THE FINANCIAL STATEMENTS (Continued)**For the year ended 31 August 2013****22 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

23 PENSION AND SIMILAR OBLIGATIONS

The Academy's employees belong to two principle 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 Hymans Robertson 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £93,222 (2012 £87,122) were payable to the schemes at 31 August and are included within creditors

Teachers' Pension Scheme**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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**For the year ended 31 August 2013**

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**For the year ended 31 August 2013****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, while 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 DFE 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 ten 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 ten 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.

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 period ended 31 August 2013 was £178,000, of which employer's contributions totalled £145,000 and employees' contributions totalled £33,000. The estimated employer's contributions for the year to 31 August 2014 will be approximately £181,000. 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.

CLAREMONT HIGH SCHOOL ACADEMY TRUST**38****NOTES TO FINANCIAL STATEMENTS (continued)****For the year ended 31 August 2013****23 PENSION & SIMILAR OBLIGATIONS****(Continued)**

	2013	2012
	£000	£000
Present value of funded liabilities	1,967	1,686
Fair value of Employer assets	(425)	(212)
	1,542	1,474

Principal Actuarial Assumptions

The undernoted assumptions have been applied for the assessment of the initial asset allocation ,

	2013	2012
a) Rate of increase in salaries	5.1%	4.5%
b) Rate of increase for pensions in payment / inflation	2.8%	2.2%
c) Discount Rate for scheme liabilities	4.6%	4.1%
d) Expected return on Assets	6.5%	5.8%
e) The average future life expectancies at age 65 are		
Current Pensioners		
Males	23.8 Years	23.8 Years
Females	26.6 Years	26.6 Years
Future Pensioners		
Males	25.6 Years	25.6 Years
Females	28.6 Years	28.6 Years

f) Commutation - An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2013

23 PENSION & SIMILAR OBLIGATIONS (Continued)

Local Government Pension Scheme (Continued)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

Change in assumptions at year ended 31 August 2013	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	11%	209
1 Year increase in member life expectancy	3%	59
0.5% increase in the Salary Increase Rate	4%	70
0.5% increase in the Pension Increase Rate	7%	135

Share of Assets & Liabilities

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

	Expected Return at 31 Aug 13	Fair Value at 31 Aug 13	Expected Return at 31 Aug 12	Fair Value at 31 Aug 2012
		£000		£000
Equities	6.6%	226	5.5%	123
Bonds	3.8%	89	3.9%	42
Property	4.7%	26	3.7%	15
Cash	3.6%	4	2.8%	(3)
Private Equity & infrastructure	10%	81	10%	35
Total Market Value of Assets		425		212
Present value of scheme liabilities - funded		(1,967)		(1,686)
Deficit in the scheme		(1,542)		(1,474)
Actual return on scheme assets		35		2

Actuarial Gains and Losses

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a loss of £24,000 (2012: £144,000)

CLAREMONT HIGH SCHOOL ACADEMY TRUST

40

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2013

23 PENSION & SIMILAR OBLIGATIONS (Continued)

Local Government Pension Scheme (Continued)

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

	31 Aug 13 £000	31 Aug 12 £000
Opening Defined Benefit Obligation	1,686	1,320
Current Service Cost	133	152
Interest Cost	73	109
Employee Contributions	33	44
Actuarial Losses / (Gains)	42	131
Estimated Benefits Paid	-	(70)
Total	1,967	1,886

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

	31 Aug 13 £000	31 Aug 12 £000
Opening Fair Value of Employer Assets	212	61
Expected Return on Assets	17	14
Contributions by Members	33	44
Contributions by Employers	145	176
Actuarial Gains / (Losses)	18	(13)
Benefits Paid	-	(70)
Total	425	212

The estimated value of employer contributions for the year ending 31 August 2013 is £181,000

Amounts recognised in the Statement of financial activities

	31 Aug 13 £000	31 Aug 12 £000
Current service cost	133	152
Interest cost	73	109
Expected return	(17)	(14)
Total	189	247

Amounts for the current and previous accounting periods

	31 Aug 13 £000	31 Aug 12 £000	31 Aug 11 £000	31 Aug 10 £000
Fair value of the employers assets	425	212	-	-
Present value of defined benefit obligations	(1,967)	(1,686)	-	-
Surplus/(losses) on assets	(1,542)	(1,474)	-	-
Experience gains/(losses) on assets	18	(13)	-	-
Experience gains/(losses) on liabilities	-	-	-	-
Cumulative actuarial gains and losses	(168)	(144)	-	-

CLAREMONT HIGH SCHOOL ACADEMY TRUST

41

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2013

24 PRIOR YEAR ADJUSTMENT

Restricted Fixed Asset Funds	2013
	£000
At beginning of year as previous stated	27,880
Write back previously capitalised loan repayments	(58)
Introduction of loan liability	(662)
At beginning of year as restated	<u>27,160</u>

The Governors of the old Claremont High School (prior to the school becoming an Academy from the 9 March 2011) entered into a commitment in 2006/07 relating to the construction of a new Sports Hall and Fitness Centre

Given that prior to the school becoming an Academy the land and buildings were not owned by the school and thus not accounted for in their books, the loan was thus included in the SOFA as capital income as it was drawn down and the expenditure incurred on the construction included in the SOFA as capital expenditure

On conversion to an Academy in March 2011 the fixed assets of the school were brought in at valuation including the Sports Hall but the loan that had been used to finance the Sports Hall, although disclosed was not brought into the accounts at the documented agreed amount as at the 31 March 2011 of £933,947

On conversion to an Academy the loan should have been included within the transfer to be brought into the Academy's liabilities since the asset to which it related was now owned by the Academy and the loan agreement was executed