

REGISTRAR

Registered number: 07732027

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
(A company limited by guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

WEDNESDAY



\*A1ZOTUF3\*  
A21 09/01/2013 #136  
COMPANIES HOUSE

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2012**

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**Governors & Members**

**Members**

Rev'd Canon A H Nugent MA, Dip Th  
Mr N Manders  
Mrs D Scammell MA  
Mr A Wright PhD

**Governors**

**Parent Governors - 3**

Mrs J Daly MAAT  
Mrs R Smith  
Mrs L Atkinson (resigned 12 October 2012)  
Dr A Daniels (appointed 12 October 2012)

**Staff Governors - 4**

Mr R M Eastham BSc (Hons), PGCE, MEd (Dist), CPC (Ed), NPQH  
Mrs M Laurence  
Mr A Cottam BSc, M Sc, MCIPS  
Miss R Fearn BA (Hons), PGCE, MA

**Headmaster**

Mr A Wright PhD

**Appointed by the Foundation of Christ's Hospital At Lincoln - 7**

Mr D Gibbons  
Mr P R Banks BSc, FRICS, IRRV  
Mr J Hanrahan BA (Hons), MRTPI, MIEDO  
Mr H T Kipper MA (resigned 12 October 2012)  
Mr A Mills MIRTH, Eng Tech, AMIMI, LAE  
Mrs D M Scammell MA  
Dr P Cox MA PhD (resigned 12 October 2012)

**Appointed by Bishop Grosseteste University College**

Mrs K Wilson BA  
Rev'd Canon A H Nugent MA, Dip Th

**Appointed by the Old Christ's Hospital Lincolnians**

Mr M Savage ACMA

**Appointed by the Universities of Nottingham/Lincoln (jointly)**

Mr N Manders

**Company registered number**  
07732027

**Registered office**  
Wragby Road  
Lincoln  
LN2 4PN

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**FOR THE YEAR ENDED 31 AUGUST 2012**

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**Advisers (continued)**

**Head Teacher & Accounting Officer**  
Mr A Wright

**Auditors**  
Streets Audit LLP  
Chartered Accountants & Statutory Auditor  
Tower House  
Lucy Tower Street  
Lincoln  
LN1 1XW

**Bankers**  
Lloyds TSB  
202 High Street  
Lincoln  
LN5 7AP

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Lincoln Christ's Hospital School (the school) for the year ended 31 August 2012. The Governors confirm that the Annual report and financial statements of the school comply with the current statutory requirements, the requirements of the school's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a. CONSTITUTION**

The school is a charitable company limited by guarantee and was set up by a Trust deed on 08/08/2011.

The governors act as the trustees for the charitable activities of Lincoln Christ's Hospital 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 are included in the Reference and Administrative Details on page 1.

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

The Trust is responsible for providing education to students aged 11-18. This includes establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

**b. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The articles of association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

The articles of association require that the Members of the Academy Trust shall comprise

- a) the signatories to the Memorandum
- b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- c) the Chairman of the Governors

The trustee board may appoint additional trustees. Trustees may be removed by the person or persons who appointed them.

No additional trustees were appointed nor made by the Secretary of State in 2011.

The management of the academy is the responsibility of the Governors who are Elected or Nominated under the terms of the Trust deed.

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**c POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

All trustees and governors are provided with copies of procedures, minutes, accounts, budgets plans and other documents that they will need to undertake their role as trustees and governors

All trustees and governors have access to a range of training programmes including in-house, outside or internet based

**The Induction Process is described as follows:**

**1 Letter of Welcome (Clerk) With Copies of:**

- a) List of Governors' Contacts
- b) List of Meeting Dates
- c) Committee Membership List
- d) Protocol for Governor Confidentiality
- e) Protocol for Governors' Visits
- f) Terms of Reference for Committees
- g) An address of the School's policy section
- h) A copy of the Induction Checklist

A copy of the following forms to send back

- a) Pecuniary Interest Form
- b) Eligibility to serve as a Governor Form

CRB checking forms will be forwarded from the school if necessary

**2 A Meeting at the School with the Headteacher, Chairman, Vice Chairmen and Clerk**

- a) The Chairman to discuss Structure and purpose of the Governing Body
- b) The relationship between the School and Foundation
- c) The Headteacher to discuss the relationship between Governors and the school and what it means to be an academy
- d) All will discuss issues currently affecting the Governing Body and School for each Committee and how each committee works
- e) Deciding for which Governors' Committee the new Governor would be best suited but can be changed later

**3 Guided Tour Round the School (Headteacher) explaining:**

- a) Showing the Committee Room and Library, where the meetings are held
- b) Showing the Governors' signing in book
- c) Explaining how to avoid being stuck in the air-lock at night after meetings
- d) Should be given the lock combination and shown how to gain entry at the end of the corridor
- e) Recent and future building projects
- f) And should be given a copy of the School Brochure

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**4 Soon after the First Meeting the new Governor should be given:**

- a) A copy of the Guide to the Law for Governors (if available)
- b) A list of sources of external support eg Governance, DFE website, CfBT website, libraries with Governor support section
- c) The attention of the new Governor should be drawn to the School Website and especially the School Policy Section
- d) The Link Governor should approach the new Governor to ascertain training needs and arrange for appropriate courses

**5 If the Governor is new to the school then for the first meeting, a meeting outside the door should be arranged in order to greet, explain how to get into the school and shown the way to the meeting room**

**6 In the first meeting the new Governor should be informally introduced to a few Governors before the meeting and be paired up with a mentor. Then at the beginning of the meeting be formally introduced and have chance to say something about himself**

**7 The Mentor's Role**

The Mentor should discuss current Governor issues and introduce the new Governor to a few other Governors at each meeting and arrange to sit together, be non-critical and answer any questions - no matter how unsophisticated they might seem. The idea is to make the new Governor as welcome and able to join in as soon as possible

**8 Finance Committee Governor**

If the new Governor is allocated to the Finance Committee then he should be given a copy of the school budget and the FMSIS Forms

**9 Evaluation/Feedback**

After a few meetings the New Governor will be asked how the induction went and if it could be improved by the Chairman, Link Governor and Clerk

**10 The School's Web-site**

On-line there should be, in a protected area for Governors in the school's website

- a) A copy of this document ie the induction Checklist
- b) Minutes of Previous Meeting of
  - Full Governing Body
  - Curriculum and Standards Committee
  - Finance Committee
  - Property Committee
- c) A copy of the latest Headteacher's Report
- d) Any independent report eg CfBT

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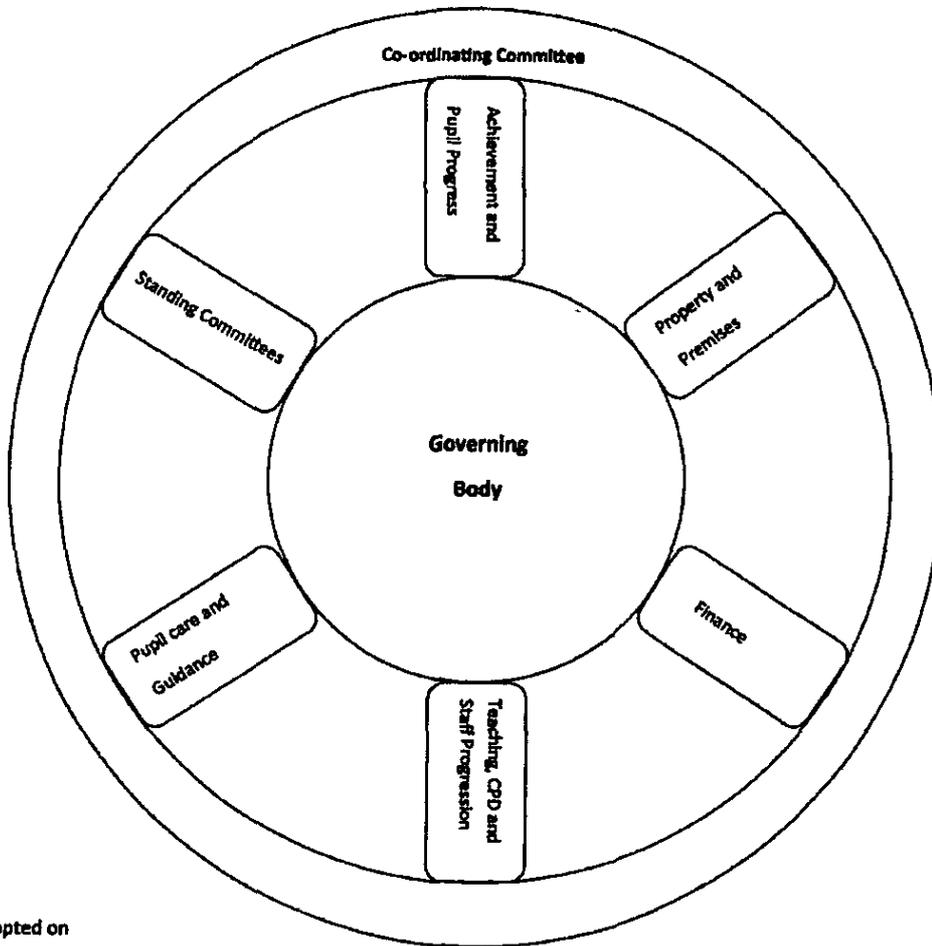
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**d. ORGANISATIONAL STRUCTURE**

Strategic decisions are made by the Governors and internal organisation and day to day running decisions are made by the Headteacher with support from the Leadership Group



Adopted on

**e. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The School works closely with a separate Charity, The Foundation of Christ's Hospital at Lincoln, which owns the buildings and other property and gives grants to the school

**f RISK MANAGEMENT**

The Governors have assessed the major risks to which the school is exposed, in particular those related to the operations and finances of the school, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**Objectives and Activities**

**a. OBJECTS AND AIMS**

The Academy Trust's principle object is 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

The aim of the school is to provide a quality education in a caring and disciplined community

- By maintaining the school's reputation for excellent examination results,
- By allowing pupils of all abilities to attain their full potential and develop their own special qualities,
- By offering a wide range of extracurricular activities and sports,
- By maintaining the high standards and expectations of the school,
- By developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties,
- By expecting pupils to value all members of the school's community and its environment,
- By allowing pupils to acquire attitudes and skills which enable them to give purposes to their lives and to make a contribution to the wider community

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy during the period ended 31 August 2012 are summarised below

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**c. PUBLIC BENEFIT**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the School's objectives and aims and in planning future activities for the year. Given the activities of the School and the student population that it services, the trustees consider that the company's aims are demonstrably to the public benefit.

**Achievements and performance**

**a. REVIEW OF ACTIVITIES**

a) Post-16 results 2012

There were 154 students on their final year of study, making a total of 606 examination entries, 411 of which were for A/S or A2 exams, the remainder for level 3 vocational qualifications, which are equivalent to advanced level.

The headline figures are

91.3% pass rate at advanced level, with 93.3% pass rate including all level 3 entries

On average, each student gained 276 UCAS (university) points (well up on last year) with 71.6 points/entry (similar to last year)

55% of all grades were A\* - C with 28% in the range of A\* - B

The average grade achieved per student was almost BBC, well up on last year's BCC

16 students gained either 3 grade 'A's or 2 'A's and a 'B', or higher, including 7 with the grade combination at level 3 BTEC. One student has gained her place at Exeter College, Oxford to read English.

32 entries resulted in fails, with a reduction in these grades in General Studies. At the time of writing, 92 students have applications for university, of which 62 of them have so far gained a place. This figure will change over the course of the next two weeks as university clearing procedures apply.

In absolute terms, the year group have performed more strongly than last year, despite a modest GCSE profile. Once again, my most sincere thanks to all subject leaders and staff for working so hard to enable our Sixth Form students to succeed.

At A/S level, the results are extremely good. Nearly 60% of the cohort gained a grade A - C. More than one fifth of all grades were a grade 'A'. With a 'pass rate' of 87.3% these results bode extremely well for the summer of 2013.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**Y13 A2 grades 2012**

<b>Subject</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>	<b>Total</b>
Art (Photography)	2		1	6	2	3	2	16
Fine Art	2	3	3	4		3	2	17
Biology		2	3	3	4	2		14
Chemistry		1	4	1	1	3	1	11
Physics	2	1	2	2	1	2		10
Chinese		1						1
Polish					2	1		3
Russian	1	2						3
French		1		1		4		6
Persian		1	1					2
German			1		1	2		4
Spanish			1	2	1	2	2	8
Drama				3	2			5
Critical Thinking				6	3	1	1	11
DT (Product Design)				2				2
English (Lang & Lit)		1	5	12	10	1	1	30
English Lit	2	1		2	1			6
Extended Project (Diploma)				2	5		1	8
General Studies	3	1	9	11	18	12	13	67
Geography		1	3	4	3			11
History		5	4	2	2			13
Information Technology		1	3	2		1		7
Information Technology (vocational)		1	1	4	2	3	3	14
Law			4	2				6
Maths	2		3	5	6	6	3	25
Further Maths	2			1 (A/S)		1		3
Music				2	1	1		4
Government & Politics		1	2	2	3			8
Psychology		1	7	11	5	4	3	31
Religious Studies			1	2	3			6
Sociology		3	2	2	4	2	1	14
Sports Studies		2	3	4		5	1	15
<b>TOTAL</b>	<b>16</b>	<b>30</b>	<b>63</b>	<b>99</b>	<b>80</b>	<b>59</b>	<b>34</b>	<b>381</b>

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**Y13 L3 Qualifications 2012**

<b>Diploma (3 A Levels)</b>	<b>D*D*D*</b>	<b>D*D*D</b>	<b>DDD</b>	<b>DDM</b>	<b>DMM</b>	<b>MMM</b>	<b>MMP</b>	<b>MPP</b>	<b>PPP</b>
Engineering	1	1	1		5	2	1		4
Forensic Science	2								
Travel & Tourism			2			8			5
<b>Certificate (2 A Levels)</b>	<b>D*D*</b>	<b>D*D</b>	<b>DD</b>	<b>DM</b>		<b>MM</b>	<b>MP</b>		<b>PP</b>
Engineering									4
Forensic Science		2	1	1		3	1		2
Travel & Tourism						3			2
Sport (Coaching & Fitness)			1			1	1		4
Children's Care							2		
<b>Award (1 A Level)</b>	<b>D*</b>		<b>D</b>		<b>M</b>		<b>P</b>		
Engineering							1		
Forensic Science					1		2		
Sport					2		5		
Business	5		4		7		6		
Production Arts	2		3		2		2		

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**Y12 A/S results 2012**

<b>Subject</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>	<b>Total</b>
Art (Photography)		5	2	6	2	3	18
Biology	4	3	4	1	6	5	23
Chemistry	5	2	6	5	1		19
Chinese	4	2			1		7
Critical Thinking	4	2	2				8
DT (Product Design)	1	2		3	3	3	12
Drama	1	9	2				12
English (Lang & Lit)	12	2	9	5			28
English Lit	5	6	4	5	2		22
Fine Art	2	4	2	2	4	2	16
French		1			4	4	9
Geography	8	4	2	5	2	2	23
German	1						1
History	3	5	6	2			16
Information Technology	2	2	1	1		1	7
Information Technology (vocational)				2	1	3	6
Law	1	2	1		2		6
Maths	9	3	5	4	3	8	32
Further Maths	1	2		1	2		6
Media Studies	3	3		3	4	2	17
Music	1		1			1	3
Physics	2	3	2	1	2	2	12
Polish	1	1	2				4
Government & Politics	6	3	2			1	12
Psychology	5	6	3	9	5	8	36
Religious Studies	1		1	1			3
Russian	1						1
Sociology	2	3	2	3	1	2	13
Spanish		2	2	3		2	9
Sports Studies		2	1	3	5	1	12
<b>TOTAL</b>	<b>85</b>	<b>79</b>	<b>64</b>	<b>65</b>	<b>50</b>	<b>50</b>	<b>393</b>
<b>%</b>	<b>21.6%</b>	<b>20.1%</b>	<b>16.3%</b>	<b>16.5%</b>	<b>12.7%</b>	<b>12.7%</b>	
<b>Cumulative %</b>	<b>21.6%</b>	<b>41.7%</b>	<b>58.0%</b>	<b>74.5%</b>	<b>87.2%</b>	<b>100%</b>	
	<b>A-A</b>	<b>A-B</b>	<b>A-C</b>	<b>A-D</b>	<b>A-E</b>	<b>A-U</b>	

**GCSE Results 2012**

In 2009, our results at GCSE headlined with 41% 5 or more A\* - C including English and Mathematics and 69% gaining 5 or more higher grades (A\* - C). This cohort joining the school in 2004 with an average key stage 2 points score of 4.03 (the national average is close to 4.1). This year, (2012) the year group joined the school in 2007 with an average KS2 points score of 4.01 and celebrate 53% gaining 5 or more A\* - C including English and Mathematics with 83% gaining 5 or more A\* - C.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

The above headline figures really are a testament both to the effort of the students and the commitment, timely interventions and dedication of their teachers. Although we have not quite equalled the 59% of last year, in terms of progress, this year group have, if anything, performed even better based on their starting point.

Some other headlines include

15 students gained at least 6 A\*/A grades, several with 9 or 10! Of nearly 1600 GCSE examination entries in total, only 9 resulted in an unclassified result. This represents a pass rate of 99.5%!

74% of the year group gained a grade 'C' or equivalent, (or higher) in a foreign language. This includes community languages like Polish, Russian etc – a remarkable achievement.

In the core subjects, 63% gained a grade 'C' or higher in Mathematics with 67% in English (and 68% in English Literature). These results represent remarkable progress from key stage 2. There were also some excellent results in many of the foundation subjects, most notably in Art and Design, History, Geography, Citizenship, ICT, whilst in Science, in Triple Science, (Chemistry), ¾ of the entry (38) gained a grade 'B' or higher.

Naturally there is a lot more detail to follow, but I hope the above does give a brief overview. Once again, we can be really pleased with all our students have achieved.

#### **b. GOING CONCERN**

After making appropriate enquiries, the governing body has a reasonable expectation that the academy 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 Accounting Policies.

#### **c. FACTORS RELEVANT TO ACHIEVE OBJECTIVES**

Most of the factors are outside of the scope of the school to make changes. These include the previous attainment level of pupils before entering the school, home socio-economic factors, the level of Government funding and Government initiatives, the availability of good quality teachers and the birth rate ten years before children enter the school.

#### **Financial review**

##### **a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The School held fund balances at 31 August 2012 of £11,434,970, comprising £442,752 of restricted funds, a pension reserve deficit of £1,355,000 and restricted fixed asset funds of £12,347,218.

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £1,355,000.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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Detail is still awaited on future funding for the Trust from 2012 onwards. Pupil members are expected to remain stable. The impact of national funding spending cuts and of redirecting funding into the pupil premium for example, may have an adverse effect on grant funding.

**b RESERVES POLICY**

Subject to EFA's constraints on permitted balances, the Academy's policy is to carry forward a prudent level of resources. Due to anticipated future cuts in funding, the situation will be kept under review. The reserves of the Academy are reviewed regularly and are considered to be sufficient for the Academy's requirements.

**c. MATERIAL INVESTMENTS POLICY**

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit. In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

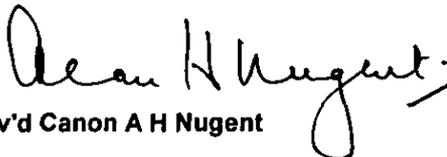
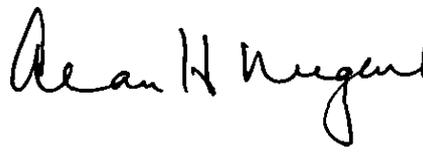
The Trusts will continue to work to raise both the aspirations and outcomes of all its students at whatever age, closing gaps between the performances of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education.

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the members of the governing body on 12 December 2012 and signed on its behalf by

   
Rev'd Canon A H Nugent

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As governors, we acknowledge we have overall responsibility for ensuring that Lincoln Christ's Hospital School 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 Head teacher, 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 Lincoln Christ's Hospital School and the Secretary of State for Education. They are 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 Governors' responsibilities statement. The governing body has formally met times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Rev'd Canon A H Nugent	7	7
Mr N Manders	6	7
Mrs D Scammell	6	7
Mr A Wright PhD	5	5
Mrs J Daly	7	7
Mrs R Smith	5	7
Mrs L Atkinson	3	6
Dr A Daniels	0	0
Mr R M Eastham	6	7
Mrs M Laurence	6	7
Mr A Cottam	7	7
Miss R Fearn	6	7
Mr D Gibbons	5	7
Mr P R Banks	7	7
Mr J Hanrahan	3	6
Mr H T Kipper	1	2
Mr A Mills	3	7
Dr P Cox	6	7
Mrs K Wilson	7	7
Mr M Savage	5	6

The Attendance figures do not show the large number of Sub-Committee and Working Party meetings which take place each year. There are usually 6 Full Governing Body meetings each year and an extra one was convened during 2011/12.

During the year Mrs Atkinson, a Parent Governor, left and has recently been replaced by Dr Antony Daniels who has started coming to meetings but has not had a chance of attending full Governors' Meeting.

Dr Cox retired towards the end of the year and the Foundation has yet to nominate a replacement. Mr Kipper also left but remains as a member of the Foundation of Christ's Hospital and was replaced by Mr J Males.

The main challenge that arose during the year stemmed from a realisation that the Governors needed to improve their own performance in line with the new OFSTED Inspection Framework and that a substantial re-organisation of the Committee structure was needed.

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

At present no successor to the Chairman has been identified

The **Finance Committee** is a sub-committee of the main governing body. Its purpose is shown in the Terms of Reference. At the end of the year Mr M Savage joined the committee and has Financial Qualifications. Mrs Daly had to step down from the Committee because she is employed by the Auditing Firm, Streets and Co. Mrs A Crawford also left. Mrs M Laurence and Dr A Daniels joined the committee in September 2012.

**Composition**

Five named members of the Governing Body. Associate members may be appointed. The Headteacher is automatically a member.

**Quorum**

Three members

**Clerk**

Clerking will be performed by the Clerk to the Governing Body

**Frequency of meetings**

At least once per term

**Terms of reference**

- 1 To recommend to the full Governing Body approval of the annual budget plan and cash flow forecasts for the forthcoming financial year in accordance with the timescales dictated by the Lincolnshire Scheme for Financing Schools
- 2 To determine the school's financial priorities through the School Development Plan (SDP) and the Asset Management Plan (AMP)
- 3 To receive monthly management reports, to facilitate the monitoring of the school's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary. Such action will be reported to the Governing Body. In all cases liaison must be maintained with other appropriate committees
- 4 To make decisions on requests from other committees that will have an impact on the school's financial position
- 5 To make decisions on expenditure within the committee's delegated powers
- 6 To make decisions on virements within agreed budgets, within the committee's delegated powers, and authorising any budgetary adjustments made
- 7 To advise the Governing Body on the appropriateness, or otherwise, of virements to be made outside of the committee's delegated powers
- 8 To review annually the school's Financial Regulations and Scheme of Delegation.
- 9 To review annually the Terms of Reference of the Finance Committee
- 10 To ensure the Register of Business Interests is kept up to date
- 11 To annually review all on-going contracts
- 12 To review the various leasing agreement schemes and options available to the school
- 13 To award contracts by tender up to a specific limit
- 14 To monitor all spending and income received in the school, including Delegated/Devolved Budgets and School Private Fund(s)
- 15 To ensure that funding from the EFA and other sources is used only in accordance with any conditions attached
- 16 To receive and comment on the content of any audit report relating to EFA funding and to monitor the implementation of the agreed action plan

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

- 17 To annually review and appoint the independent examiner/auditor to the School Fund(s) (must be a qualified auditor if the total of income and expenditure is in excess of £100,000)
- 18 To receive and approve/ratify the annual audited accounts of the School Fund(s)
- 19 To agree and determine appropriate charges for lettings of the premises, in line with the school's lettings policy
- 20 To ensure the school adheres to the policies and procedures as specified by the Department for Education and its Schools' Financial Value Standard
- 21 To ensure the school has appropriate internal financial controls in place
- 22 To ensure that all financial controls are adhered to via regular testing and management checks in order to protect against fraudulent or improper use of public money and assets and enable satisfactory completion of the Statement of Internal Control (SIC)
- 23 To review and monitor budget projections/medium term financial plans to ensure the school's budget is realistic and any financial decisions are sustainable

**Meetings**

The Clerk will make a record of all proceedings at each meeting Minutes will be circulated to members within seven days of the meeting (or as agreed) and presented with the agenda for the next full Governing Body meeting

The Chair of the Finance Committee will report the work of the committee to the full Governing Body The committee will liaise with such other committees and invite members of other committees to attend its meetings as should be deemed appropriate

Any matters which may be in conflict with the work of another committee must be referred to the Governing Body

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
Rev'd Canon A H Nugent	4	5
Mr A Wright	4	5
Mr M Savage	3	3
Mrs M Laurence	0	0
Dr A Daniels	0	0
Mr N Manders	5	5
Miss R Fearn	4	5
Mrs L Atkinson	2	2
Mrs A Crawford	1	1

**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 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 Lincoln Christ's Hospital 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

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

the view that there is a formal ongoing process for identifying, evaluating and managing the school's significant risks that has been in place for the year ending 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:

- 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 General Purposes 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 (as set 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 to appoint an internal auditor to review on the appropriateness of the financial controls in place.

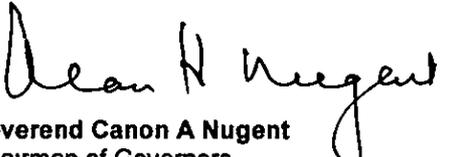
**REVIEW OF EFFECTIVENESS**

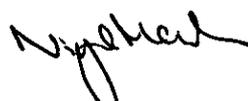
As Accounting officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the school who have responsibility for the development and maintenance of the internal control framework.

The Accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 2012 and signed on their behalf, by

  
**Reverend Canon A Nugent**  
Chairman of Governors

  
**Mr N Manders**  
Vice Chairman of Governors

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting officer of Lincoln Christ's Hospital School I have considered my responsibility to notify the school 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 school governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the 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.



**Mr A Wright**  
Accounting officer

Date 12 December 2012

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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The Governors (who act as trustees for charitable activities of Lincoln Christ's Hospital School and are also the directors of the charitable company 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 of the Charities SORP,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

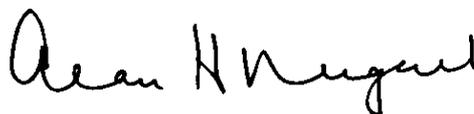
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 charitable company's 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 2012 and signed on its behalf by

  
Reverend Canon A Nugent  
Governor



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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINCOLN CHRIST'S HOSPITAL SCHOOL**

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We have audited the financial statements of Lincoln Christ's Hospital School for the year ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the charitable school'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 school'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 school and its members, as a body, for our audit work, for this report, or for the opinion 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 charitable school 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 school'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 charitable school'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,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 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.

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINCOLN CHRIST'S HOSPITAL SCHOOL**

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**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



Robert Anderson (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

Chartered Accountants & Statutory Auditor

Tower House  
Lucy Tower Street  
Lincoln  
LN1 1XW

Date 20/12/12

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO LINCOLN CHRIST'S HOSPITAL SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 11 December 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Christ's Hospital School during the year 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 Lincoln Christ's Hospital School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lincoln Christ's Hospital School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lincoln Christ's Hospital School and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF LINCOLN CHRIST'S HOSPITAL SCHOOL'S ACCOUNTING OFFICER AND THE AUDITORS**

The Accounting officer is responsible, under the requirements of Lincoln Christ's Hospital School's funding agreement with the Secretary of State for Education dated 01 September 2011, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. 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 1 September 2011 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO LINCOLN CHRIST'S HOSPITAL SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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**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 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

*Streets Audit LLP*

**Streets Audit LLP**

Chartered Accountants & Statutory Auditor

Tower House  
Lucy Tower Street  
Lincoln  
LN1 1XW

Date *20/12/12*

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income transferred from Local Authority on conversion	4	-	(866,127)	12,322,618	11,456,491
Other voluntary income	4	77,174	-	-	77,174
Investment income	5	831	19	-	850
Incoming resources from charitable activities	6	-	8,097,544	84,929	8,182,473
<b>TOTAL INCOMING RESOURCES</b>		<b>78,005</b>	<b>7,231,436</b>	<b>12,407,547</b>	<b>19,716,988</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	12	-	7,982,085	60,329	8,042,414
Governance costs	8	-	5,604	-	5,604
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>-</b>	<b>7,987,689</b>	<b>60,329</b>	<b>8,048,018</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>					
		<b>78,005</b>	<b>(756,253)</b>	<b>12,347,218</b>	<b>11,668,970</b>
Transfers between Funds	21	(78,005)	78,005	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>-</b>	<b>(678,248)</b>	<b>12,347,218</b>	<b>11,668,970</b>
Actuarial gains and losses on defined benefit pension schemes		-	(234,000)	-	(234,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>-</b>	<b>(912,248)</b>	<b>12,347,218</b>	<b>11,434,970</b>
<i>Total funds at 1 September 2011</i>		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2012</b>		<b>-</b>	<b>(912,248)</b>	<b>12,347,218</b>	<b>11,434,970</b>

All activities derive from acquisitions in the current financial period

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 27 to 46 form part of these financial statements

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07732027**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2012**

	Note	£	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	18		12,322,618
<b>CURRENT ASSETS</b>			
Debtors	19	70,012	
Cash at bank and in hand		710,818	
		780,830	
<b>CREDITORS:</b> amounts falling due within one year	20	(313,478)	
<b>NET CURRENT ASSETS</b>			467,352
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Defined benefit pension scheme liability	27		12,789,970
			(1,355,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			11,434,970
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds			
Restricted funds	21	442,752	
Restricted fixed asset funds	21	12,347,218	
		12,789,970	
Restricted funds excluding pension liability		(1,355,000)	
Pension reserve			
Total restricted funds			11,434,970
<b>TOTAL FUNDS</b>			11,434,970

The financial statements were approved by the Governors, and authorised for issue, on 12 December 2012 and are signed on their behalf, by



Rev'd Canon A H Nugent

The notes on pages 27 to 46 form part of these financial statements

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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	Note	2012 £
Net cash flow from operating activities	23	324,166
Returns on investments and servicing of finance	24	850
Capital expenditure and financial investment	24	27,929
Cash transferred on conversion to an academy trust	2	357,873
		<hr/> <b>710,818</b> <hr/> <hr/>

All of the cash flows are derived from acquisitions in the current financial period

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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Increase in cash in the year	710,818
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<hr/> <b>710,818</b> <hr/>
<b>NET FUNDS AT 31 AUGUST 2012</b>	<hr/> <b>710,818</b> <hr/> <hr/>

The notes on pages 27 to 46 form part of these financial statements

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The school is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the school being wound up, the liability in respect of the guarantee is limited to £10 per member of the school.

**1.3 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.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the school is legally entitled to the income and the amount can be quantified with reasonable accuracy

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 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.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

**1.5 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.

Charitable activities are costs incurred in the school's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

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**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 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.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £2,500 are capitalised.

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 are 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.

The land and buildings are owned by a charity who allow the school to use it for their operations, however the school both pre and post conversion has incurred significant build, repair and replacement costs which have been mostly met, previously by the Local Authority and since conversion, by the school. Due to the nature of this agreement, the school has decided to recognise the value of the buildings provided in the valuation supplied by the EFA as part of the WGA exercise as at 31 August 2012 for the purposes of the accounts only.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

The school incurs significant repair and replacement costs such that the Governors believe residual value of the property is not materially different to the valuation as at 31 August 2012. Accordingly no depreciation is charged.

**1.8 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.9 Pensions**

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 27, 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 the 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 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.

**1.10 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Lincoln Christ's Hospital School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for school. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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**2. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2011 Lincoln Christ's Hospital School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Lincoln Christ's Hospital School from Lincolnshire County Council for £NIL consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	12,322,618	12,322,618
Budget surplus/(deficit) on LA funds	-	(97,175)	-	(97,175)
Budget surplus/(deficit) on other school funds	-	455,048	-	455,048
LGPS pension surplus/(deficit)	-	(1,144,000)	-	(1,144,000)
Other liabilities	-	(80,000)	-	(80,000)
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(866,127)</b>	<b>12,322,618</b>	<b>11,456,491</b>

The land and buildings are owned by The Foundation of Christ's Hospital at Lincoln, however the school both pre and post conversion has incurred significant build, repair and replacement costs which have been mostly met, previously by the Local Authority and since conversion, by the school.

As the freehold interest in the premises are held by the school on behalf of the Foundation, the school has decided to recognise the value of the buildings provided in the valuation supplied by the EFA as part of the WGA exercise as at 31 August 2012 for the purposes of the accounts only.

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**3. GENERAL ANNUAL GRANT (GAG)**

	2012 £
<b>Result and Carry Forward for the Year</b>	
GAG Allocation for current year	6,880,239
<b>Total GAG Available to spend</b>	6,880,239
Recurrent expenditure from GAG	(6,823,020)
Repayment of opening deficit	(97,175)
Transfers in	58,005
<b>GAG Carried forward to next year</b>	18,049
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(825,629)
<b>GAG to surrender to DfE</b>	(807,580)
(12% rule breached if result is positive)	No breach

**4. VOLUNTARY INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Voluntary income transferred from Local Authority on conversion	-	11,456,491	11,456,491
Subtotal income transferred on conversion	-	11,456,491	11,456,491
Donations	77,174	-	77,174
Voluntary income	77,174	11,456,491	11,533,665

**5. INVESTMENT INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest received	831	19	850
	831	19	850

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**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Funding for educational operations	-	7,328,915	7,328,915
Other	-	853,558	853,558
	<u>-</u>	<u>8,182,473</u>	<u>8,182,473</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>			
DfE devolved formula capital grant	-	27,929	27,929
General annual grant (GAG)	-	6,880,239	6,880,239
Other DfE/EFA grants	-	182,931	182,931
Other government grants	-	237,816	237,816
	<u>-</u>	<u>7,328,915</u>	<u>7,328,915</u>

**7. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Educational operations	<u>-</u>	<u>8,042,414</u>	<u>8,042,414</u>

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2012 £	Other costs 2012 £	Total 2012 £
Educational operations	<u>6,115,919</u>	<u>1,926,495</u>	<u>8,042,414</u>

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**8. GOVERNANCE COSTS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Governance Auditors' remuneration	-	4,000	4,000
Governance Auditors' non audit costs	-	1,604	1,604
	<u>-</u>	<u>5,604</u>	<u>5,604</u>

**9. DIRECT COSTS**

	Educational operations £
Educational supplies	144,222
Examination fees	161,448
Staff development	31,491
Other direct costs	150,150
Teaching staff costs	4,539,975
	<u>5,027,286</u>

**10. SUPPORT COSTS**

	Educational operations £
Pension income	51,000
Maintenance of premises and equipment	135,873
Cleaning	191,553
Utilities	154,517
Rates	28,467
Pupil support	19,873
Office costs	82,984
Insurance	52,498
ICT costs	81,262
Security and transport	31,499
Recruitment and support	50,120
Catering	138,159
Other support costs	421,379
Support staff costs	1,575,944
	<u>3,015,128</u>

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**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2012 £	Other costs 2012 £	Total 2012 £
Educational operations	6,115,919	1,926,495	8,042,414
Governance	-	5,604	5,604
	<u>6,115,919</u>	<u>1,932,099</u>	<u>8,048,018</u>

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Educational operations	<u>5,027,286</u>	<u>3,015,128</u>	<u>8,042,414</u>

**13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

	2012 £
Auditors' remuneration	4,000
Auditors' remuneration - non-audit	<u>1,604</u>

During the year, no Governors received any reimbursement of expenses

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**14. STAFF COSTS**

Staff costs were as follows

	2012 £
Wages and salaries	4,169,722
Social security costs	666,334
Other pension costs (Note 27)	1,279,862
	<u>6,115,918</u>

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

	2012 No.
Teachers	112
Support staff	91
	<u>203</u>

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

	2012 No.
In the band £60,001 - £70,000	2
In the band £70,001 - £80,000	1
	<u>3</u>

The above employees participated in the Teachers' Pension Scheme during the year ended 31 August 2012, pension contributions for these members of staff amounted to £14,295

**15. 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 academy business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2012 was £1,210

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

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**16. GOVERNORS' REMUNERATION**

The Head Teacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the school in respect of their role as governors. The value of governors' who are also Members remuneration was as follows:

Mr A Wright, Head Teacher £70k - £75k

During the period retirement benefits were accruing to 1 Governor in respect of a defined benefit pension scheme.

**17. OTHER FINANCE INCOME**

	2012 £
Expected return on pension scheme assets	55,000
Interest on pension scheme liabilities	(106,000)
	<u>(51,000)</u>

**18. TANGIBLE FIXED ASSETS**

	Freehold property £
<b>Cost</b>	
At 1 September 2011	-
Transfer on conversion	12,322,618
At 31 August 2012	<u>12,322,618</u>
<b>Depreciation</b>	
At 1 September 2011 and 31 August 2012	-
<b>Net book value</b>	
At 31 August 2012	<u>12,322,618</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. TANGIBLE FIXED ASSETS (continued)**

The land and buildings are owned by The Foundation of Christ's Hospital at Lincoln, however the school both pre and post conversion has incurred significant build, repair and replacement costs which have been mostly met, previously by the Local Authority and since conversion, by the school

As the freehold interest in the premises are held by the school on behalf of the Foundation, the school has decided to recognise the value of the buildings provided in the valuation supplied by the EFA as part of the WGA exercise as at 31 August 2012 for the purposes of the accounts only

The Academy incurs significant repair and replacement costs such that the Governors believe residual value of the property is not materially different to the valuation as at 31 August 2012 Accordingly no depreciation is charged

**19. DEBTORS**

	2012 £
Trade debtors	3,004
Other debtors	67,008
	<hr/>
	70,012
	<hr/> <hr/>

**20. CREDITORS:**  
**Amounts falling due within one year**

	2012 £
Trade creditors	40,716
Social security and other taxes	208,762
Other creditors	60,000
Accruals and deferred income	4,000
	<hr/>
	313,478
	<hr/> <hr/>

**LINCOLN CHRIST'S HOSPITAL SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General funds	-	78,005	-	(78,005)	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	6,880,239	(6,823,020)	(39,170)	-	18,049
Other DfE funding	-	182,931	(182,931)	-	-	-
Other government grants	-	180,816	(180,816)	-	-	-
Other restricted income	-	425,326	(418,326)	(7,000)	-	-
School fund	-	494,856	(382,575)	-	-	112,281
School sports project 2	-	207,014	-	-	-	207,014
Other school projects	-	181,429	(21)	(16,000)	-	165,408
Deficit transferred on conversion	-	(97,175)	-	97,175	-	-
Other liabilities transferred on conversion	-	(80,000)	-	20,000	-	(60,000)
Pension reserve	-	(1,144,000)	-	23,000	(234,000)	(1,355,000)
	-	7,231,436	(7,987,689)	78,005	(234,000)	(912,248)
<b>Restricted fixed asset funds</b>						
DfE/EFA Capital funds	-	27,929	(27,929)	-	-	-
Restricted Fixed Asset Funds	-	57,000	(32,400)	-	-	24,600
Restricted Fixed Assets transferred to school upon conversion	-	12,322,618	-	-	-	12,322,618
	-	12,407,547	(60,329)	-	-	12,347,218
<b>Total restricted funds</b>	-	19,638,983	(8,048,018)	78,005	(234,000)	11,434,970
<b>Total of funds</b>	-	19,716,988	(8,048,018)	-	(234,000)	11,434,970

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (continued)**

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

**Unrestricted funds**

General funds represent those resources which may be used towards meeting any of the objects of the school at the discretion of the Governors. These are not currently designated for particular purposes

**Restricted Revenue funds**

General annual grant (GAG) is made up of a number of different funding streams, all of which are to be used to cover the running costs of the school. The school is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the school, but any balance over 2% must be used for capital purposes

Other DfE/EFA grants represents funding received for specific projects

Other restricted funds and School funds represents all other restricted funds received which must be used for the purpose intended

Other liabilities transferred on conversion represents funds owing on conversion. These amounts are to be met out of the schools unrestricted income

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS)

**Restricted Fixed Asset funds**

Restricted fixed asset transferred to the school upon conversion represents land, buildings and assets transferred to the school from the Local Authority upon conversion

DfE/EFA capital funds represents resources which have been applied to specific capital purposes imposed by the funder, together with cash resources still to be expended

Restricted fixed assets represent fixed asset expenditure transferred from other restricted income

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	78,005	-	(78,005)	-	-
Restricted funds	-	7,231,436	(7,987,689)	78,005	(234,000)	(912,248)
Restricted fixed asset funds	-	12,407,547	(60,329)	-	-	12,347,218
	-	19,716,988	(8,048,018)	-	(234,000)	11,434,970

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**22 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	12,322,618	12,322,618
Current assets	-	756,230	24,600	780,830
Creditors due within one year	-	(313,478)	-	(313,478)
Provisions for liabilities and charges	-	(1,355,000)	-	(1,355,000)
	-	(912,248)	12,347,218	11,434,970

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2012 £
Net incoming resources before revaluations	11,668,970
Returns on investments and servicing of finance	(850)
Amounts transferred upon conversion	(11,536,491)
Capital grants from DfE	(27,929)
(Increase)/Decrease in debtors	(70,012)
Increase/(decrease) in creditors	313,478
FRS 17 adjustments	(23,000)
<b>Net cash inflow from operations</b>	<b>324,166</b>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2012 £
<b>Returns on Investments and servicing of finance</b>	
Interest received	850
	2012 £
<b>Capital expenditure and financial investment</b>	
Capital grants from DfE	27,929

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**25. ANALYSIS OF CHANGES IN NET DEBT**

	1 September 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	710,818	-	710,818
<b>Net funds</b>	<b>-</b>	<b>710,818</b>	<b>-</b>	<b>710,818</b>

**26. CONTINGENT LIABILITIES**

In the event of Lincoln Christ's Hospital School ceasing to operate as an academy provisions are included in the funding agreement relating to the claw back of assets and monies paid to the academy

**27. PENSION COMMITMENTS**

The school's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire 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

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

**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

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**27. PENSION COMMITMENTS (continued)**

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%.

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 (FRS17) 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 FRS17 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £341,000, of which employer's contributions totalled £275,000. The agreed contribution rate for future years are 26.5% for employers and a maximum of 6.8% for employees.

As described in note 2 the LGPS obligation relates to the employees of the school, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the school at the balance sheet date.

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**27. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows

	2012 £
Present value of funded obligations	(2,498,000)
Fair value of scheme assets	1,143,000
	<hr/>
Net liability	(1,355,000)
	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows

	2012 £
Current service cost	(201,000)
Interest on obligation	(106,000)
Expected return on scheme assets	55,000
	<hr/>
Total	(252,000)
	<hr/> <hr/>

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

	2012 £
Current service cost	201,000
Interest cost	106,000
Contributions by scheme participants	66,000
Actuanaal Losses	264,000
Fair value of defined benefit obligation transferred to academy upon conversion	1,861,000
	<hr/>
Closing defined benefit obligation	2,498,000
	<hr/> <hr/>

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**27. PENSION COMMITMENTS (continued)**

Movements in the fair value of the school's share of scheme assets

	2012 £
Expected return on assets	55,000
Actuarial gains and (losses)	30,000
Contributions by employer	275,000
Contributions by employees	66,000
Fair value of pension schemes assets transferred to academy upon conversion	717,000
	1,143,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £234,000

The school expects to contribute £266,000 to its Defined benefit pension scheme in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012
Equities	75.00 %
Bonds	13.00 %
Property	11.00 %
Cash	1.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2012
Discount rate for scheme liabilities	4.10 %
Expected return on scheme assets at 31 August	5.00 %
Rate of increase in salaries	4.50 %
Rate of increase for pensions in payment / inflation	2.20 %

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

	2012
Retiring today	
Males	21.2
Females	23.4
Retiring in 20 years	
Males	23.7
Females	25.7

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**27. PENSION COMMITMENTS (continued)**

Amounts for the current period are as follows

Defined benefit pension schemes

	2012 £
Defined benefit obligation	(2,498,000)
Scheme assets	1,143,000
Deficit	<u>(1,355,000)</u>
Experience adjustments on scheme liabilities	(264,000)
Experience adjustments on scheme assets	<u>30,000</u>

**28. OPERATING LEASE COMMITMENTS**

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

	2012 £
Expiry date: Between 2 and 5 years	<u>31,548</u>

**29. RELATED PARTY TRANSACTIONS**

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

No related party transactions were recorded during the year ending 31 August 2012.