

REGISTRAR OF COMPANIES

**City of
London
Academy
(Southwark)
Limited**

**Consolidated Annual Report and
Financial Statements**

31 August 2013

Company Limited by Guarantee
Registration Number
04504128 (England and Wales)

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Legal and administrative information

Governors	Mr W B Fraser OBE (Chairman) Mr R Bannister (Principal) Mr J Chin Ms Elaine Davies The Rev Dr M R Dudley Mrs S Goddard Ms J Hole Lord R Kennedy Mr G Lewis Mr A Smyth Mr S Stanley Sir David Wootton
Clerk, Secretary and Director of Finance	Mr C Hutton ACA
Registered office	City of London Academy (Southwark) 240 Lynton Road London SE1 5LA
Company registration number	04504128 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest Finsbury Square Branch PO Box 549 78 Finsbury Pavement London EC2A 1JA
Solicitors	Comptroller & City Solicitor City of London Corporation PO Box 270 Guildhall London EC2P 2EJ

Governors' report Year to 31 August 2013

The Governors of the City of London Academy (Southwark) Limited (the Academy), who are also directors of the Academy for the purposes of company law and trustees for the purposes of charity law, present their statutory report and the audited consolidated financial statements for the year ended 31 August 2013

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 26 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005')

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Academy is a company limited by guarantee (Company Registration No 04504128), an exempt charity regulated by the EFA and was established on 6 August 2002 to develop a new school in North Southwark. The Academy's memorandum and articles of association together with the Funding Agreement, dated 4 September 2003, entered into with the Secretary of State for Education are the primary governing documents of the Academy

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing a secondary school offering a broad curriculum with a strong emphasis on, but not limited to, business, enterprise and sport

The Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn and that the curriculum should comply with the substance of the national curriculum, with emphasis on business and enterprise and sport and their principal applications

Legal status

There are four members of the Academy, W Fraser OBE, Sir David Wootton, Reverend Dr M Dudley and B Joicey (representative of the EFA) who undertake to contribute to the assets of the Academy in the event of it being wound up while he is a member, or within one year after he ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he ceases to be a member

The articles of association require the members of the Academy to appoint at least three Governors to be responsible for the affairs of the Academy and the management of the Academy

Governors' report Year to 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The Academy's Governing Body comprises eight Governors nominated by the Sponsor, the Academy's Principal, two parents of pupils at the Academy, one Governor nominated by the London Borough of Southwark, one member of the teaching staff (other than the Principal), one member of the support staff

Regard is given to the skills mix of the Governors to ensure that the Board of Governors has all the necessary skills required to contribute fully to the Academy's development

The Clerk is responsible for Governor induction and training, and has arranged for each Governor to receive a current copy of the Guide to the Law The London Borough of Southwark offers training days for those requiring them

The following Governors were in office at 31 August 2013 and served throughout the year, except where shown

Governor	Appointed	Resigned
Mr W B Fraser OBE (Chairman)		
Mr R Bannister (Principal)		
Mr J Chin		
Ms E Davies		
The Rev Dr M R Dudley		
Mr I S Gani	14 May 2013	8 October 2013
Mrs S Goddard		
Ms J Hole		
Mr G Lewis		
Lord Roy Kennedy	29 January 2013	
Mr J L Simons		26 March 2013
Mr P Scott		9 July 2013
Mr A Smyth		
Mr S Stanley		
Sir David Wootton		

No Governor received any remuneration in respect of their duties as Governor from the Academy during the period Mr R Bannister was remunerated in his position as school Principal, and Mr G Lewis and Mrs S Goddard were remunerated as employees of the Academy

During the year under review, the Governors held six (2012 – six) Board meetings

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The Board of Governors meets twice each term to receive reports from its sub-committees and manage its strategic objectives

The Board has two main committees

- ◆ The Finance and General Purposes Committee, which meets at least termly to consider the annual budget, the management accounts and any premises requirements, and
- ◆ The Curriculum and Community Committee, which meets at least termly to consider curricular and local community issues

The Board has three other Committees that meet on an ad-hoc basis

- ◆ The Audit and Risk Committee, comprising the Responsible Officer, two sponsor governors and the Principal, which meets at least termly to consider the auditor's reports to the Responsible Officer and risk management,
- ◆ The Pay Committee, comprising three sponsor Governors, which meets to review and approve the Principal's recommendations on the salaries of the senior staff, and
- ◆ The Principal's Pay Panel, comprising the Chairmen of the Finance, Audit and Pay Committees which meets annually to set the Principal's pay

The day to day management is delegated to the Principal, who has appointed a Senior Leadership Team, which meets twice weekly with the Principal

Risk management

The Board of Governors has drawn up a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risk the Academy faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks, then considering the costs of operating particular controls relative to the benefit obtained. The Academy's main risks are

- ◆ Loss of funding by either budget cuts or falling student numbers, and
- ◆ Child protection failings

The Academy is aware of current budgetary concerns and continually reviews its costs to ensure a balanced budget. The Academy has an active pupil recruitment strategy with both open days for year 6 and 6th form parents and is currently 3 times oversubscribed for first choice year 7 applicants. The Assistant Principal (Pastoral) is the Child Protection Officer and carries out regular training of all staff on safeguarding issues.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations including Related Party Relationships

City of London Academy Southwark Lettings Limited (Company Registration Number 08145335) was incorporated on 14 August 2012 and began trading on 1 September 2012. It is a wholly owned subsidiary of the Academy. Its principal activity is to manage the lettings in the City of London Academy (Southwark) Limited.

OBJECTIVES AND ACTIVITIES

When setting the objectives of the Academy for the year, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education.

Organisation and objectives

The sole activity of the Academy is the operation of the Academy to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on business and enterprise and sport. The main objectives of the Academy are summarised below:

- ◆ to raise the standard of educational achievement of all pupils,
- ◆ to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- ◆ 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, and
- ◆ to conduct its business in accordance with the highest standards of integrity, probity and openness.

Strategies and activities

The Academy has clear targets and strategies which are included in the Academy Development Plan (ADP). The points below underpin these specific targets:

- ◆ a fully comprehensive intake,
- ◆ a broad and inclusive curriculum,
- ◆ core business and enterprise (B&E) and information and communications technology (ICT) throughout the school,
- ◆ an annual curriculum and financial plan, and
- ◆ a positive ethos that ensures fairness and transparency for all.

OBJECTIVES AND ACTIVITIES (continued)

Equal opportunities

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The City of London Academy (Southwark) is committed to providing equal opportunities for all and welcomes

- ♦ applications for employment from those with a disability, and
- ♦ applications for places from pupils with disabilities

The Academy's recruitment process ensures that applicants for posts are shortlisted on the basis of how their qualifications and experience match the specification for the job.

The Academy recognises that some disabled people will need adjustments made in order for them to do the job. The Academy will look at what changes could be made to the workplace or to the way work is done and make any changes that are reasonable.

If an employee develops a disability, the Academy will make every effort to retain his/her services by making reasonable adjustments to the workplace, the methods of working or by finding another suitable role for her/him.

When decisions are made about an individual, the only personal characteristics or circumstances taken into account will be those which are necessary for the proper performance of the work involved.

As part of the performance management process, disabled employees will be given the opportunity to discuss what can be done to develop and use their abilities.

Disabled pupils applying for a place at the Academy will undergo the standard admissions procedure; offers of a place will be made on the basis laid down in the Admissions Policy and Procedures. The Academy has a commitment to giving priority to children with hearing impairment within Special Needs Admissions.

The needs of the disabled have been considered in the design of the new school building and in the equipment purchased for teaching and learning.

When planning educational and other activities outside the school day, staff organising the events will carefully consider the types of activity and the adjustments that can be made so that disabled colleagues and pupils can take part fully.

The staff and Governors will regularly review the provision it makes for disabled staff and pupils and strive to continuously improve the facilities available.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

Performance Table – GCSEs 2013	Number of candidates	Percentage
Number of Candidates	170	
Achieving 5 or more A* to C including English and Maths	112	66
Achieving 5 or more A* to C	166	98
Achieving 5 or more A* to G	166	98
Achieving 1 A* to G	170	100
Achieving an Entry Level Qualification	170	100

GCE 16-19 (A level)

Table showing the results of the 69 Year 13 students achieving A2 results in the following subjects

Exam SUBJECT	A*	A	B	C	D	E	U
Art A2	0	0	3	2	0	0	0
Biology A2	0	3	3	2	1	1	0
Business Studies A2	0	0	2	2	1	0	0
Chemistry A2	0	3	1	3	1	0	0
Citizenship Studies A2	0	0	0	1	0	1	0
Drama A2	0	0	1	5	1	0	0
Economics A2	0	2	0	0	0	0	0
English Literature A2	0	0	2	2	5	1	0
French A2	0	0	0	0	2	0	0
Further Mathematics A2	1	0	0	0	0	0	0
Geography A2	1	0	1	1	0	0	0
History A2	0	1	3	1	0	0	0
Maths A2	2	4	1	5	2	0	0
Media A2	0	0	1	6	1	0	0

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

GCE 16-19 (A level) (continued)

Exam SUBJECT	A*	A	B	C	D	E	U
Music A2	0	0	2	0	0	0	0
Music Technology A2	0	0	2	1	0	1	0
Photography A2	0	0	1	3	2	0	0
Physics A2	0	2	1	0	1	0	0
Product Design A2	0	0	0	0	0	1	0
Psychology A2	0	0	3	1	1	0	0
Religious Studies A2	0	1	1	1	2	2	0
Russian A2	0	2	0	0	0	0	0
Sociology A2	0	0	3	1	3	1	0
Spanish A2	0	1	1	0	1	0	0
Textiles A2	0	0	1	0	0	0	0
Total Count	4	19	33	37	24	8	0
%	3	15	26	30	19	6	0

Of these 69 students, 47 (68%) (2012 – 58 (67%)) went on to higher education, with 12 students currently in employment or undertaking apprenticeships

Community Involvement

The Academy has over the year further developed the strong and effective local community links that support student achievement. We are very proud of the reading programmes supported by Ernst and Young, our continued work with the Challenge programme, the new mentoring programme supported by Deloitte, the Allen and Overy Smart experience, the creation of two young enterprise companies working in the local community, the extensive sporting competitions and extra-curricular enrichment activities and the impact of the student NatWest bank programme on our year 7 and 8 students. We continue to increase the number of national and international links and of course the high number of visitors to the Academy, who always enjoy coming to speak to our students.

FINANCIAL REVIEW

Results for the year

The Academy began the year with non capital reserves of £1,668,145 (2012 - £1,367,224) Following another period of strict fiscal control as well as capital expenditure of £1,062,050 the Academy reserves stand at £ 1,480,626 (2012 - £1,668,145)

Income

The Academy is currently fully funded in year 2 of a 3 year funding agreement protected by a minimum funding decrease cap of 1.5%. The Government is looking to implement a national funding formula for future years

Expenditure

Running costs, in line with other new build academies, represent a large part of the Academy's costs and reflect the high energy consumption of IT and building services. Alternative energy sources are being investigated as the cost of energy increases. The Academy buildings are now eight years old and various rolling replacement programmes are being undertaken.

The Academy reorganised several areas during the Summer break to make the Academy more usable by adding a two storey extension comprising areas for nurturing, inclusion, drama and teaching.

Reserves policy

The Academy held fund balances at 31 August 2013 of £23,404,462 (2012 - £23,824,819) comprising £607,160 (2012 - £421,026) of unrestricted general funds and £22,797,302 (2012 - £22,156,674) of restricted funds which includes the fixed asset fund of £2,923,836 (2012 - £22,156,674).

The governors have reviewed the reserve levels of the Academy during the reporting period. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be approximately £815,813, equivalent to 1 month's expenditure (excluding the fixed assets fund). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants. The School's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £607,160 (2012 - £421,026), which is slightly below the desired reserve level.

Governors' report Year to 31 August 2013

FINANCIAL REVIEW (continued)

Investment policy

The Academy's current policy is to invest funds in risk free and immediately accessible deposit accounts and if sufficient reserves are available, subject to approval by the Board of Governors, in investment units in the City of London Charities Pool

FUTURE PLANS

The Academy has £1.4m of reserves and has earmarked the majority of this for a nearby potential new sixth form facility. The Academy has set up an Autistic Spectrum Condition unit in conjunction with Southwark LA in temporary accommodation and if this is successful a permanent building will be needed.

Going Concern

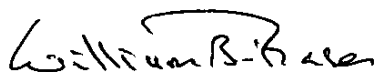
After making appropriate enquiries, the Governors have a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details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

AUDITOR

In so far as the Governors are aware

- ♦ there is no relevant audit information of which the Academy's auditor is unaware, and
- ♦ the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Governors and signed on their behalf by



Governor

(MR W B FRASER)

Approved by the Governors on

9 December 2013

Governance Statement Year to 31 August 2013

Scope of responsibility

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

The governing body have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of Governors' responsibilities. The governing body has formally met six times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Number of meetings Attended	Out of Possible
Mr W B Fraser OBE (Chairman)	6	6
Mr R Bannister (Principal)	6	6
Mr J Chin	4	6
Ms E Davies	2	6
The Rev Dr M R Dudley	3	6
Mr I S Gani	0	1
Mrs S Goddard	6	6
Ms J Hole	6	6
Mr G Lewis	5	6
Mr J L Simons	2	3
Mr P Scott	1	5
Mr A Smyth	6	6
Mr S Stanley	2	6
Sir David Wootton	0	1

Sir David Wootton was elected Lord Mayor of London and was granted leave of Absence for the period of his Mayoralty.

Ms E Davis was elected, to fill a vacancy and Jane Hole was re-elected as parent Governor. Jude Chin, Paul Scott and Simon Stanley were re-appointed by the Court of Common Council as Sponsor Governors. The appointment of Antony Smyth as a full governor in place of Brian Howard was approved by the Court of Common Council.

Governance Statement Year to 31 August 2013

Governance (continued)

The Curriculum and Community Committee is a sub-committee of the main governing body. Its purpose is to

- ♦ assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure a strategic and systematic approach to promoting high standards of educational achievement, that the curriculum is balanced and broadly-based within the context of the Business & Enterprise and Sports specialisms, and that assessments and examination results are properly reported,
- ♦ to ensure that the admission arrangements for the Academy are consistent with the provisions of primary and secondary law and with the statutory Codes of Practice on Admissions and Appeals, as they relate to the admission arrangements for academies, and conform to the stated procedures laid down for any one year in annex 2 of the Funding Agreement,
- ♦ to review the use of exclusion in the City of London Academy (Southwark) regularly to ensure that the policy on exclusions contained in Annex 4 of the Funding Agreement is observed,
- ♦ to assist the aims of the governing body in the development of the community use of the Academy's facilities and the Academy's role as a centre of education for the community, and
- ♦ to make appropriate comments and recommendations on such matters to the governing body on a regular basis

Major issues will be referred to the full governing body for ratification

Attendance at meetings in the year was as follows

Governor	Number of meetings Attended	Out of Possible
Mr A Smyth (Chairman)	5	6
Ms J Hole(Vice Chairman)	6	6
Mr W B Fraser OBE	6	6
Mr R Bannister (Principal)	6	6
Ms E Davies	3	6
Mrs S Goddard	5	6
Mr G Lewis	5	6

The Finance and General Purposes Committee is also a sub-committee of the main governing body. Its purpose is to

- ♦ assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances, resources and premises, including proper planning, monitoring and probity, and
- ♦ to make appropriate comments and recommendations on such matters to the governing body on a regular basis

Governance Statement Year to 31 August 2013

Governance (continued)

Major issues will be referred to the full governing body for ratification

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
Mr W B Fraser OBE (Chairman)	6	6
Mr R Bannister (Principal)	5	6
The Rev Dr M R Dudley	5	6
Mr J L Simons	2	3
Mr P Scott	2	5
Mr S Stanley	3	6

The **Audit and Risk Committee** is also a sub-committee of the main board of Governors. Its purpose is to ensure financial practice is in line with the latest guidance from the Department for Education as published in The Academies Handbook, review risks and systems of financial control and to appoint and agree the terms of engagement with both the external auditor and the Responsible Officer.

Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
Mr J Chin (Chairman)	3	3
Mr W B Fraser OBE	3	3
Mr R Bannister (Principal)	3	3

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2013 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 Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is an ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2013 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 Academy'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

Governance Statement Year to 31 August 2013

The risk and control framework (continued)

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- ◆ regular reviews by the 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 (asset purchase or capital investment) guidelines,
- ◆ delegation of authority and segregation of duties, and
- ◆ identification and management of risks

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Sir David Wootton, a governor, as Responsible Officer ('RO'). The Governors granted Sir David Wootton a sabbatical until September 2013, his role during that time was covered by Jude Chin. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The checks and examination of the financial systems and controls are undertaken by Buzzacott LLP who report to the RO. On a termly basis, the RO reports to the Governors on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities including the findings from the detailed checks undertaken. There have been RO visits reviewing each of the Autumn, Spring and Summer terms undertaken and reported on to the Governing Body for the year ended 31 August 2013.


Review of effectiveness


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

- ◆ the work of the responsible officer,
- ◆ the work of the external auditor,
- ◆ the financial management and governance self assessment process,
- ◆ the work of the Senior Leadership Team within the Academy 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 Audit and Risk committee and ensure continuous improvement of the system is in place.

Approved by order of the governing body and signed on their behalf by


(Chair of Governing Body) (MR W B FRASER)
Approved on 9 December 2013


(Principal and Accounting Officer)
(MR R BANNISTER)

Statement on regularity, propriety and compliance Year to 31 August 2013

As accounting officer of the City of London Academy (Southwark) Limited, I have considered my responsibility to notify the Academy's 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 Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy's governing body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.



Accounting Officer

(MR R BANNISTER)

Date

17/12/13.

Statement of Governors' responsibilities Year to 31 August 2012

The Governors (who act as governors of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the trustees' 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to

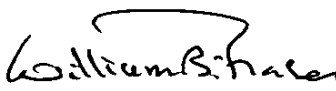
- ♦ select suitable accounting policies and then apply them consistently,
- ♦ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP),
- ♦ make judgments and estimates that are reasonable and prudent,
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy 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 have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 and signed on its behalf by


Chair of the Governing Body (MR W B FRASER)

Date 9 December 2013.

Independent auditor's reports 31 August 2013

Independent auditor's report on the financial statements to the members of City of London Academy (Southwark) Limited

We have audited the financial statements of City of London Academy (Southwark) Limited for the year ended 31 August 2013 which comprise the consolidated statement of financial activities, the consolidated and Academy balance sheets, the consolidated cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditor

The Governors act as trustees for the charitable activities of City of London Academy (Southwark) Limited and are also the directors of the Academy for the purpose of company law.

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

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

Scope of the audit of the financial statements

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

Independent auditor's reports 31 August 2013

Opinion

In our opinion

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

Date

19/11/13

Independent reporting auditor's assurance report on regularity to City of London Academy (Southwark) Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19 August 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 City of London Academy (Southwark) Limited during the period from 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to City of London Academy (Southwark) Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the City of London Academy (Southwark) Limited 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 the City of London Academy (Southwark) Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of City of London Academy (Southwark) Limited's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of City of London Academy (Southwark) Limited's funding agreement with the Secretary of State for Education dated 4 September 2003 and the Academies Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Independent auditor's reports 31 August 2013

Approach (continued)

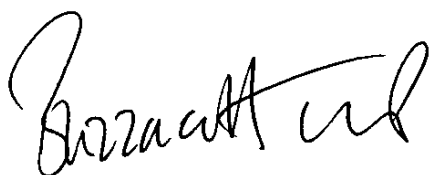
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

The work undertaken to draw to our conclusion includes

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities,
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary, and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date

19/12/13

Consolidated statement of financial activities Year to 31 August 2013

		Restricted funds				
		Unrestricted funds	General fund	Fixed assets	2013 Total Funds	2012 Total Funds
	Notes	£	£	£	£	£
Consolidated income and expenditure						
Incoming resources						
Incoming resources from generating funds						
Voluntary income - donations		—	—	—	—	205
Activities for generating funds		136,007	—	—	136,007	73,396
Investment income		46,648	—	—	46,648	29,923
Incoming resources from charitable activities						
Funding for the Academy's educational operations	2	—	10,194,650	—	10,194,650	10,480,430
Other income	2	201,398	—	—	201,398	183,812
Total incoming resources		384,053	10,194,650	—	10,578,703	10,767,766
Resources expended						
Cost of generating funds		114,350	—	—	114,350	—
Charitable activities						
Direct provision of education	3	167,954	9,463,596	1,294,888	10,926,438	11,156,741
Governance costs	5	1,200	42,657	—	43,857	33,868
Total resources expended		283,504	9,506,253	1,294,888	11,084,645	11,190,609
Net incoming (outgoing) resources before transfers		100,549	688,397	(1,294,888)	(505,942)	(422,843)
Gross transfers between funds	13	—	(1,062,050)	1,062,050	—	—
Net income (expenditure) for the year		100,549	(373,653)	(232,838)	(505,942)	(422,843)
Unrealised gains on investments		85,585	—	—	85,585	—
Net movement in funds		186,134	(373,653)	(232,838)	(420,357)	—
Fund balances brought forward at 1 September 2012		421,026	1,247,119	22,156,674	23,824,819	24,247,662
Fund balances carried forward at 31 August 2013		607,160	873,466	21,923,836	23,404,462	23,824,819

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

The Academy had no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the net movement in funds stated above and its historical cost equivalent

Balance sheets 31 August 2013

	Notes	Consolidated		Academy	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Tangible assets	8	21,923,836	22,156,674	21,923,836	22,156,674
Investment in subsidiary	9	—	—	100	—
		<u>21,923,836</u>	<u>22,156,674</u>	<u>21,923,936</u>	<u>22,156,674</u>
Current assets					
Debtors	10	459,302	383,515	559,123	383,515
Investments	11	1,085,584	—	1,085,584	—
Cash at bank and in hand		<u>1,264,079</u>	<u>2,182,961</u>	<u>1,163,058</u>	<u>2,182,961</u>
		2,808,965	2,566,476	2,807,765	2,566,476
Creditors amounts falling due within one year	12	<u>(1,328,339)</u>	<u>(898,331)</u>	<u>(1,327,239)</u>	<u>(898,331)</u>
Net current assets		1,480,626	1,668,145	1,480,526	1,668,145
Total net assets		<u>23,404,462</u>	<u>23,824,819</u>	<u>23,404,462</u>	<u>23,824,819</u>
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds	13				
Fixed assets		21,923,836	22,156,674	21,923,836	22,156,674
General		<u>873,466</u>	<u>1,247,119</u>	<u>873,466</u>	<u>1,247,119</u>
Total restricted funds		22,797,302	23,403,793	22,797,302	23,403,793
Unrestricted funds		<u>607,160</u>	<u>421,026</u>	<u>607,160</u>	<u>421,026</u>
Total funds		<u>23,404,462</u>	<u>23,824,819</u>	<u>23,404,462</u>	<u>23,824,819</u>

The financial statements on pages 21 to 40 were approved by the Governors of the City of London Academy (Southwark), Company Registration No 4504128 (England and Wales) and authorised for issue and signed on their behalf by


Governor (MR W B FRASER)

Approved on 9 December 2013

Consolidated cash flow statement Year to 31 August 2013

	Notes	Year to 31 August 2013	Year to 31 August 2012 £
Net cash inflow from operating activities	16	1,096,519	1,134,160
Returns on investment and servicing of finance	17	46,648	29,923
Capital expenditure	18	(1,062,050)	(532,212)
Management of liquid resources	19	(999,999)	—
(Decrease)/Increase in cash in the year		(918,882)	631,871
Net funds at 1 September 2012	20	2,182,961	1,551,090
Net funds at 31 August 2013		1,264,079	2,182,961

Principal accounting policies 31 August 2013

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Academy and its wholly owned subsidiary, City of London Academy Southwark Lettings Limited, on a line by line basis.

No separate statement of financial activities has been presented for the Academy alone, as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

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 Academy to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

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

Grants receivable

Grants are included in the consolidated statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the year is shown in the restricted income fund 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. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

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

Principal accounting policies 31 August 2013

Incoming resources (continued)

Gifts in kind

Gifts in kind provided to the Academy are recognised in the consolidated statement of financial activities at their value to the Academy, as determined by the Governors, in the year in which they are receivable, and where the benefit is both quantifiable and material

Sponsorship

Sponsorship provided to the Academy is recognised in the consolidated statement of financial activities in the year in which it is receivable

Donations

Donations are included in the consolidated statement of financial activities on a cash received basis

Other income

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

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a reasonable, justifiable and consistent basis for the cost category concerned

Charitable activities

These are costs incurred on the Academy's educational operations

Governance costs

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

All resources expended are exclusive of VAT

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates

Principal accounting policies 31 August 2013

Tangible fixed assets (continued)

- ♦ Furniture, fittings and equipment - 20% p a
- ♦ Buildings - 4% p a
- ♦ Temporary accommodation - 33% p a and 50% p a

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the consolidated statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged to the restricted fixed asset fund in the consolidated statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Fund accounting

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose or contributions subject to donor imposed conditions.

Investment policy

The Academy's current policy is to invest funds in risk free and immediately assessable deposit accounts and if sufficient reserves are available subject to approval by the Board of Governors, in investment units in the City of London Charities Pool.

Pensions

Defined benefit schemes

Teachers' pension scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers Pension Scheme (TPS). The TPS, a statutory, contributory, final scheme salary scheme is administered by Capita Teachers' Pensions.

Local government pension scheme

Non teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a final salary scheme administered by the City of London Corporation.

As the Academy is unable to identify its share of the underlying real assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for the contributions payable by the Academy in the year.

Principal accounting policies 31 August 2013

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.

Notes to the financial statements 31 August 2013

1 General annual grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

2a Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
DfE / EFA revenue grant				
General Annual Grant (GAG) (note 1)	—	9,458,102	9,458,102	10,017,847
Other DfE / EFA Grants	—	446,689	446,689	190,327
	—	9,904,791	9,904,791	10,208,174
Other Government Grants				
Other Grants	—	289,859	289,859	222,256
PfS Capital Grant				
	—	—	—	50,000
	—	10,194,650	10,194,650	10,480,430

2b Other income

	2013 £	2012 £
Contribution to trips	6,226	18,748
Catering receipts	158,141	152,975
Books and exams	37,031	12,089
	201,398	183,812

Notes to the financial statements 31 August 2013

3 Resources expended

	Staff costs £	Premises £	Other costs £	2013 Total funds £	2012 Total funds £
Cost of generating funds	76,657	—	37,693	114,350	—
School's educational operations (note 4)					
Direct costs	6,162,375	1,294,888	901,329	8,358,592	8,583,240
Allocated support costs	1,067,387	1,072,654	427,805	2,567,846	2,573,501
	<u>7,229,762</u>	<u>2,367,542</u>	<u>1,329,134</u>	<u>10,926,438</u>	<u>11,156,741</u>
Governance costs including allocated support costs (note 5)	—	—	43,857	43,857	33,868
	<u>7,306,419</u>	<u>2,367,542</u>	<u>1,410,684</u>	<u>11,084,645</u>	<u>11,190,609</u>
Net incoming (outgoing) resources for the year is stated after charging				2013 Total funds £	2012 Total funds £
Fees payable to auditor					
Audit				12,000	11,250
Other services				6,450	3,024

Notes to the financial statements 31 August 2013

4 Direct provision of education

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Direct costs				
Teaching and educational support staff costs	—	5,719,508	5,719,508	5,877,551
Other staff costs	—	442,867	442,867	554,845
Curriculum costs	—	428,015	428,015	472,072
Intervention	—	27,796	27,796	33,425
Provision of external education	—	52,241	52,241	55,669
Trips and pupil related activities	6,226	273,829	280,055	184,761
Courses, Training and conferences	—	84,972	84,972	61,284
Admissions	—	28,250	28,250	33,057
Depreciation	—	1,294,888	1,294,888	1,310,576
	6,226	8,352,366	8,358,592	8,583,240
Support costs				
Support staff costs	3,587	960,806	964,393	1,100,575
Other staff costs	—	102,994	102,994	89,519
Catering	158,141	13,935	172,076	152,975
Premises and insurance	—	1,072,654	1,072,654	945,193
ICT costs	—	152,963	152,963	191,793
Office Overheads	—	70,041	70,041	74,782
Professional fees	—	15,294	15,294	11,454
Minibus expenses	—	10,216	10,216	7,147
Other expenses	—	7,215	7,215	63
	161,728	2,406,118	2,567,846	2,573,501
	167,954	10,758,484	10,926,438	11,156,741

5 Governance costs

	2013 Total Funds £	2012 Total Funds £
Auditor's remuneration		
Audit fee – current year	12,000	11,250
– prior year	—	(4,025)
Other services	6,450	7,049
Governing Body expenses (see note 7)	9,746	13,094
Legal expenses	14,616	5,500
Governors indemnity insurance	1,045	1,000
	43,857	33,868

Notes to the financial statements 31 August 2013

6 Staff costs

Staff costs during the year were as follows

	2013 £	2012 £
Wages and salaries	5,579,411	5,771,979
Social security costs	479,105	497,482
Pension costs	702,044	725,773
	6,760,560	6,995,234

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows

	2013 Number	2012 Number
£60,001 - £70,000	5	4
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£120,001 - £130,000	—	1
£130,001 - £140,000	1	—
	9	7

Employer contributions were made to the Teachers' Pension Scheme or the Local Government Pension Scheme in respect of all of the above employees. During the year to 31 August 2013, pension contributions for these staff members amounted to £101,961 (2012 - £93,559)

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2013 was as follows

	2013 £	2012 £
Charitable activities		
Teachers	80	84
Administration, catering and support	84	87
Management	13	11
	177	182

7 Related party transactions - Governing Body's remuneration

The Principal and the two staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as governors.

The total value of remuneration paid to staff who were also Governors was £226,734 (2012 - £206,255) of which the highest paid Governor was paid £138,750 (2012 - £125,000)

Notes to the financial statements 31 August 2013

7 Related party transactions - Governing Body's remuneration (continued)

The value of the Governing Body's remuneration was as follows

	2013 £'000	2012 £'000
R Bannister, Principal and Governor	135-140	120-125
G Lewis, Staff Governor	60-65	60-65
S Goddard, Staff Governor	20-25	20-25

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to any Governors (2012 – none). Governing Body expenses (note 5) include amounts payable to Southwark Local Authority for the provision of clerking services and training costs.

Jude Chin, a governor, is a director and a shareholder of SSAT (The Schools Network) Limited, a company that provides educational services. During the year ended 31 August 2013, the Academy incurred expenditure of £7,184 on services provided by SSAT.

Other related party transactions involving the trustees are set out in note 22.

Insurance premiums of £1,045 (2012 - £1,000) were paid during the year in respect of Governors' indemnity insurance, as allowed by the charitable Academy's Memorandum and Articles of Association.

8 Tangible fixed assets

Consolidated and Academy	Long leasehold land and buildings £	Furniture, fittings & equipment £	Total £
Cost or valuation			
At 1 September 2012	31,946,273	3,939,492	35,885,765
Additions	968,032	94,018	1,062,050
At 31 August 2013	32,914,305	4,033,510	36,947,815
Depreciation			
At 1 September 2012	10,105,392	3,623,699	13,729,091
Charge for year	1,187,211	107,677	1,294,888
At 31 August 2013	11,292,603	3,731,376	15,023,979
Net book values			
At 31 August 2013	21,621,702	302,134	21,923,836
At 31 August 2012	21,840,881	315,793	22,156,674

The land on which the school is built is held under a 999 year lease from Southwark Council. The lease was granted on 12 November 2004 for a peppercorn rent of £1 per annum if demanded and has not been included in the financial statements as the site is designated for educational purposes only and has no open market value.

Notes to the financial statements 31 August 2013

9 Investment in subsidiary

	£
Addition in year, being balance at 31 August 2013	100

The Academy has a subsidiary company, City of London Academy Southwark Lettings Limited, which is wholly owned and incorporated in Great Britain. The principal activity of City of London Academy Southwark Lettings Limited is to generate income for the school. The donation is £20,457.

The following is a summary of City of London Academy Southwark Lettings Limited for the period ended 31 August 2013, which have been included in the consolidated financial statements.

	2013
Turnover	136,007
Less: cost of sales	(28,576)
Gross profit	107,431
Administration expenses	(86,974)
Net profit for the period	20,457
Donation to Academy	(20,457)
Retained profit at 31 August 2013	—

10 Debtors

	Consolidated		Academy	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	112,635	62,960	107,778	62,960
VAT recoverable	113,139	139,479	113,139	134,479
Other debtors	6,473	7,547	4,378	7,547
Prepayments and accrued income	227,055	173,529	227,055	173,529
Amount due to group undertaking	—	—	106,773	—
	459,302	383,515	559,123	383,515

11 Investments

	Consolidated		Academy	
	2013	2012	2013	2012
	£	£	£	£
Market value at 1 Sept 12	—	—	—	—
Additions	999,999	—	999,999	—
Unrealised gain	85,595	—	85,595	—
Market value at 31 March 13	1,085,584	—	1,085,584	—
Cost of pooled investments at 31 August 2013	999,999	—	999,999	—

All investments at 31 August 2013 were held in the City of London Corporation Charities Pool.

Notes to the financial statements 31 August 2013

12 Creditors' amounts falling due within one year

	Consolidated		Academy	
	2013 £	2012 £	2013 £	2012 £
Trade Creditors	481,017	468,372	481,017	468,372
Other Creditors	60,746	62,564	60,846	62,564
Taxation and social security	151,879	157,323	151,879	157,323
Accruals	634,697	210,072	633,497	210,072
	1,328,339	898,331	1,327,239	898,331

13 Restricted funds

The income funds of the Academy include restricted funds comprising the following unexpended balances of grants held for specific purposes

	At 1 September 2012 £	Incoming resources £	Resources expended £	Transfers £	At 31 August 2013 £
Consolidated					
Revenue Fund					
EFA revenue grant fund					
General Annual Grant (GAG)	1,160,720	9,458,102	(8,683,306)	(1,062,050)	873,466
Other EFA Grants	86,399	446,689	(533,088)	—	—
Other Government Grants	—	289,859	(289,859)	—	—
	1,247,119	10,194,650	(9,506,253)	(1,062,050)	873,466
Fixed asset fund					
Capital grants	22,156,674	—	(1,294,888)	1,062,050	21,923,836
Total restricted funds	23,403,793	10,194,650	(10,801,141)	—	22,797,302

The specific purposes for which these funds are to be applied are as follows

Revenue fund

This fund represents grants received for the Academy's operational activities and development

Fixed asset fund

This fund represents the carrying value of the fixed assets that have been funded by grants from the EFA and its predecessor bodies and private sponsors

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 1 discloses whether the limit was exceeded

Transfers

The transfer from the EFA revenue reserve to the fixed asset fund represents funds used to purchase items of a capital nature

Notes to the financial statements 31 August 2013

14 Analysis of net assets between funds

Consolidated	Unrestricted fund £	Restricted funds		Total 2013 £
		General £	Fixed assets £	
Fund balances at 31 August 2013 are represented by				
Tangible fixed assets	—	—	21,923,836	21,923,836
Current assets	608,360	2,200,605	—	2,808,965
Creditors amounts falling due within one year	(1,200)	(1,327,139)	—	(1,328,339)
Total net assets	607,160	873,466	21,923,836	23,404,462

Academy	Unrestricted fund £	Restricted funds		Total 2013 £
		General £	Fixed assets £	
Fund balances at 31 August 2013 are represented by.				
Tangible fixed assets	—	—	21,923,836	21,923,836
Investments	100	—	—	100
Current assets	607,060	2,200,705	—	2,807,765
Creditors amounts falling due within one year	—	(1,327,239)	—	(1,327,239)
Total net assets	607,160	873,466	21,923,836	23,404,462

15 Pension commitments

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employers and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, both schemes are classed as multi-employer pension schemes. The Academy is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the schemes as if they were defined contribution schemes. The Academy has set out below the latest information available for each scheme.

15 Pension commitments (continued)

a) Teachers

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.

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.

15 Pension commitments (continued)

a) Teachers (continued)

Valuation of the Teachers' Pension Scheme (continued)

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.

Teachers' Pension Scheme Changes

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

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

15 Pension commitments (continued)

a) Teachers (continued)

Teachers' Pension Scheme Changes (continued)

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

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

b) Non-teachers

Non-teachers are members of the City of London Corporation's Local Government pension scheme.

Contributions are paid to the Scheme by the Academy to provide for the benefits which will become payable to Scheme members when they fall due. The Academy currently pays employer contributions at an interim rate of 17.2%. A rate which reflects the Academy's liabilities will be determined when the Academy has reached its full staffing complement at the next valuation.

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The latest actuarial valuation of the scheme was at 31 March 2010 and significant facts concerning the whole scheme are given below.

Latest actuarial valuation	31 March 2010
Actuarial method	Projected benefits
Discount rate	6.9%
Salary scale increases per annum	5.0%
Pension increases	3.0%
Market value of assets at date of last valuation	£549.3m
<i>Proportion of members' accrued benefits covered by the actuarial value of the assets</i>	<i>86%</i>

Notes to the financial statements 31 August 2013

16 Reconciliation of net expenditure to net cash inflow from operating activities

	2013 £	2012 £
Net expenditure	(505,942)	(422,843)
Depreciation (note 10)	1,294,888	1,310,576
Profit on disposal of tangible fixed assets	—	(4,600)
Capital grants from the EFA and other capital income	—	(50,000)
Interest receivable	(46,648)	(29,923)
(Increase)/decrease in debtors	(75,787)	733,764
Increase/(decrease) in creditors	430,008	(402,814)
Net cash inflow from operating activities	1,096,519	1,134,160

17 Returns on investment and servicing of finance

	2013 £	2012 £
Interest received	46,648	29,923
Net cash inflow from returns on investment and servicing of finance	46,648	29,923

18 Capital expenditure and financial investment

	2013 £	2012 £
Purchase of tangible fixed assets	(1,062,050)	(586,812)
Capital grants from the EFA	—	50,000
Receipts from sale of tangible fixed assets	—	4,600
Net cash outflow from capital expenditure and financial investments	(1,062,050)	(532,212)

19 Management of liquid resources

	2013 £	2012 £
Purchase of investments	(999,999)	—
Net cash outflow from capital from management of liquid resources	(999,999)	—

20 Analysis of changes in net funds

	At 1 September 2012 £	Cash flows £	Other gains £	At 31 August 2013 £
Cash at bank and in hand	2,182,961	(918,882)	—	1,264,079
Total	2,182,961	(918,882)	—	1,264,079

21 Contingent liabilities

Funding agreement

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

22 Related party transaction

Owing to the nature of the Academy's operation 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.

The Corporation of the City of London is the sponsor of City of London Academy (Southwark). During the year, the Corporation was paid for legal advice by the Academy. The Academy also holds investments within a pooled fund managed by the Corporation.