

REGISTRAR OF COMPANIES

**The Bridge
Academy,
Hackney**

**Annual Report and Financial
Statements**

31 August 2008

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COMPANIES HOUSE

BUZZACOTT

Company Limited by Guarantee
Registration Number
5195911 (England and Wales)

Charity Registration Number
1107407

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Reference and administrative information

Directors	Mr J D F Palmer (Chairman) Sir K Ajegbo Mr J I Armstrong Mrs S Bains Mr R A Casselle Mr R W J Hardie Mr P Hatter Mrs S A James Mr M A Kerrison Mrs M J Neill Mr K B Panes Mrs E E Upton-Swift Mr N C E Wright
Secretary	Mr D C Murray
Registered office	12 New Fetter Lane London EC4A 1AG
Company registration number	5195911 (England and Wales)
Charity registration number	1107407
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	Barclays Bank plc 137 Brompton Road London SW3 1QF
Solicitors	Stone King Sewell LLP 13 Queen Square Bath BA1 2HJ

Directors' report Year to 31 August 2008

The Directors of The Bridge Academy, Hackney (the Academy), who are also trustees of the Academy for the purposes of charity law, present their statutory report and the audited financial statements for the year ended 31 August 2008.

The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies set out on pages 16 to 18 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. 5195911) and a registered charity (Charity Registration No. 1107407) that was incorporated on 3 August 2004 to develop a new school in Hackney. The company's memorandum and articles of association and the funding agreement dated 21 June 2005 are the primary governing documents of the Academy. Members of the company are nominated either by the Secretary of State for Children, Schools and Families or the Sponsor of the Academy, UBS AG. The articles of association require the members of the company to appoint at least three Directors to be responsible for the affairs of the company and the management of the Academy.

The principal activity of the Academy is to advance, for the public benefit, education in Hackney by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad curriculum with a strong emphasis on the teaching of music and mathematics.

Legal status and members' liability

The Academy is a company limited by guarantee, without share capital, and a registered charity. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

Directors' report Year to 31 August 2008

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The following Directors were in office and served throughout the year except where shown:

Director	Appointed	Resigned
Mr J D F Palmer (Chairman)		
Sir K Ajegbo	Appointed 5 December 2007	
Mr J I Armstrong		
Mrs S Bains		
Mr R A Cassellie		
Mr R W J Hardie		
Mr P Hatter	Appointed 23 September 2008	
Mrs S A James		
Mr M A Kerrison	Appointed 4 December 2008	
Mrs M J Neill		
Mr K B Panes	Appointed 4 December 2008	
Mrs L Pearce	Appointed 2 April 2008	Resigned 23 May 2008
Sir M J Tomlinson		Resigned 7 January 2008
Mrs E E Upton-Swift	Appointed 4 December 2008	
Mr N C E Wright		

No Director received any remuneration in respect of their duties as Governors from the Academy during the year. Mrs S Bains is remunerated in her position as school Principal.

A review of the training needs of the Directors has been carried out during the period and the necessary requirements for further training and the induction of new Directors will be considered in each period.

Statement of Directors' responsibilities

Company law requires the Directors (who are the trustees of the company for the purpose of charity law) to prepare financial statements that give a true and fair view of the state of affairs of the Academy at the end of the financial period and of its net incoming resources for that period. In preparing financial statements giving a true and fair view, the Directors are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of Directors' responsibilities (continued)

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors 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 Directors are responsible for the maintenance and integrity of 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.

Each of the Directors confirms that:

- ◆ so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- ◆ they have taken all the steps that they ought to have taken as trustees in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Organisational structure

The organisational structure currently consists of four levels:

- the Governors, who are also Directors of the Academy;
- the committees (Finance and General Purpose; Education and Curriculum; and Personnel / HR Committees) and the Responsible Officer;
- sub-committees (Governor Appointments; Performance Management and Pay; Health and Safety; Fundraising and Donations; and Admissions); and
- the Senior Leadership Team.

Governors

The Governors are responsible for setting general policy, adopting an annual strategy and development plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior leadership team appointments.

The Governors have delegated components of their responsibility to three committees (Finance and General Purpose; Education and Curriculum; and Personnel / HR) and five sub-committees (Governor Appointments; Performance Management and Pay; Health and Safety; Admissions; and Fundraising and Donations) and have appointed a Responsible Officer who has specific responsibility for overseeing the financial arrangements on their behalf.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Committees

The Education and Curriculum committee takes decisions on matters relating to the curriculum, academic matters and education provision at the Academy. It is responsible for setting objectives, approving the education plan, recommending resources to support the educational plan, operational implementation and monitoring/reporting of progress.

The Finance and General Purpose committee is responsible for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, human resources, legal, premises, outstanding construction issues and to consider other general matters not falling within the remit of any other committee.

The Personnel / HR committee advises the Board and takes decisions on matters relating to all teaching and non-teaching staff including, remuneration, conditions of service, staff training and development as well as disciplinary and grievance issues.

Sub-Committees

The Governor Appointments sub-committee is responsible for advising the Board on matters relating to the recruitment and appointment of new Governors and for overseeing the necessary arrangements for the election of new Governors.

The Performance Management and Pay sub-committee is responsible for advising Governors on all matters relating to pay and performance of all staff, including the Principal.

The Health and Safety sub-committee is responsible for advising the Board on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the temporary accommodation or the main building.

The Admissions sub-committee is responsible for advising the Board on matters relating to student admissions, appeals and the admissions policy.

The Fundraising and Donations sub-committee is responsible for advising the Board about potential sources of additional income generation for the Academy, with determined focus and prioritisation of fundraising efforts after assessing high levels of financial viability and alignment with the overall Academy vision to enable the school facilities to be used by pupils, parents and the wider community.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Senior leadership team

The Senior Leadership Team includes the Principal, the Vice Principal, four Assistant Vice Principals and the Finance and Operations Director (Bursar). This team controls the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team is responsible for the appointment of all staff below the Senior Leadership Team.

Statement on the system of internal financial controls

The Directors acknowledge they have overall responsibility for ensuring that the Academy has an effective and appropriate system of controls, financial and otherwise. The Directors acknowledge their responsibilities set out in the statement above and additionally for taking steps to provide reasonable assurance that:

- ◆ the Academy is operating efficiently and effectively;
- ◆ its assets are safeguarded against unauthorised use or disposition;
- ◆ proper records are maintained and financial information used within the Academy or for publication is reliable; and
- ◆ the Academy complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement. They are 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:

- ◆ budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Directors;
- ◆ reviews by the Directors 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 guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of capital build risk. It is the Directors' intention to extend this to include all other types of risk in the forthcoming financial year.

The Board of Directors has appointed a Responsible Officer (RO). The RO's role includes performing a range of checks on the Academy's financial systems and internal controls.

OBJECTIVES AND ACTIVITIES

Objectives

The Academy is an independent state maintained school. This combines all the advantages offered by autonomous management and governance, together with many benefits of an integrated inclusive school providing services for all members of the community.

Every student, employee, parent/carer and member of the local community is part of our learning organisation and will be encouraged to work together.

The Academy will:

- ◆ raise the standard of educational achievement of all pupils by delivering a broad and exciting curriculum which will excite the imagination;
- ◆ build a distinct culture of ambition, achievement and learning, and develop innovative thinking and creativity;
- ◆ ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- ◆ improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- ◆ provide value for money for the funds expended;
- ◆ enable access to the best worldwide business practices and resources;
- ◆ comply with all appropriate statutory and curriculum requirements;
- ◆ conduct our business in accordance with the highest standards of integrity, probity and openness; and
- ◆ be at the heart of its community, sharing facilities with other schools and providing a source of learning for all members of the local and wider community.

Developments and activities during the year

During the year to 31 August 2008:

- ◆ 185 students completed their first year in the temporary accommodation; student attendance was 95% which is above local and national levels;
- ◆ 94% of parents attended the Academy's first academic review day in the spring term;
- ◆ 100% of students are learning a musical instrument;
- ◆ The Multi User Games Area (MUGA) was opened for use by Academy students, including three all weather training pitches and courts;
- ◆ The main building was completed by Mace Plus on 1 July 2008 on time and under budget after a five year construction project;
- ◆ Occupation fit out and transition taking place in August 2008;

OBJECTIVES AND ACTIVITIES (continued)

Developments and activities during the year (continued)

- ◆ The admission of 190 students for the second year intake from 1,115 application brings the total numbers to 373 students; and
- ◆ Staff totals increased to 57 with 100% of teaching posts filled.

Equal opportunities

The Directors 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.

ACHIEVEMENTS AND PERFORMANCE

Operation and financial review

The majority of the Academy's income in the year ended 31 August 2008 was obtained from the DCSF and UBS AG in the form of the start up and general annual grant (GAG) and sponsorship to enable the operation of the Academy, and capital and sponsorship funding towards the construction of the buildings.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants and sponsorship received during the period and the associated expenditure are shown as restricted and general funds in the Statement of Financial Activities on page 12. The Academy remains dependent on the provision of grants from the DCSF.

FINANCIAL REVIEW

Financial report for the year

During the year ended 31 August 2008, total expenditure of £5,925,839 was more than covered by recurrent grant funding from the DCSF together with the GAG and DCSF Start up grant and other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and other restricted funds) was £271,570.

At 31 August 2008 the net book value of fixed assets was £42,697,263 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets will be used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

The Directors have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The Directors will keep the level of reserves under review.

Directors' report Year to 31 August 2008

FINANCIAL REVIEW (continued)

Financial position

The Academy's net assets (i.e. total reserves) as at 31 August 2008 were £44,984,495 comprising £44,707,474 of restricted funds and £277,021 of unrestricted general funds. At 31 August 2008 the Academy held cash balances of £2,520,544.

PLANS FOR FUTURE PERIODS

The Academy will continue to build on the firm foundation which has been put in place since its opening in September 2007. The Academy anticipates continued high levels of applications for places available and the recruitment of high calibre teachers to deliver our exciting and challenging curriculum.

While the Academy's management and financial resources grow commensurately with the growth of the school roll, their structure and disposition will be altered to reflect the rapidly changing scale of the Academy's operations, and to support the determined pursuit of the Academy's vision.

The new Community & Relationships Manager will enable the Academy to share its outstanding facilities with the local community.

AUDITORS

In accordance with section 385 of the Companies Act 1985, Buzzacott LLP will be proposed for re-appointment as auditors of the Academy.

Approved by the Directors and signed on their behalf by:



Director



Director

Approved by the Directors on:

18 December 2008

Report of the independent auditors to the Directors of The Bridge Academy, Hackney

We have audited the financial statements on pages 12 to 29 which have been prepared in accordance with the accounting policies, set out on pages 16 to 18.

This report is made solely to the Academy's Directors, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Academy's Directors 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 Academy and the Academy's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described on pages 3 and 4 the Directors, who are also the trustees of The Bridge Academy, Hackney for the purposes of charities law, are responsible for the preparation of the Directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information contained in the Directors' report is consistent with the financial statements.

In addition we report to you if in our opinion, the Academy has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' report and consider whether it is consistent with the audited financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Academy's circumstances, consistently applied and adequately disclosed.

Independent auditors' report 31 August 2008

Basis of opinion (continued)

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- (a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Academy as at 31 August 2008 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985;
- (b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Children, Schools and Families in respect of the relevant financial year;
- (c) proper accounting records have been kept by the Academy throughout the financial period;
- (d) grants made by the Department for Children, Schools and Families have been applied for the purposes intended; and
- (e) the information given in the Directors' report is consistent with the financial statements.



Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

18 December 2008

Statement of financial activities Year to 31 August 2008

			Restricted funds				
	Notes	Unrestricted funds £	General £	Capital £	Other £	2008 Total funds £	2007 Total funds £
Income and expenditure							
Incoming resources							
Incoming resources from generated funds							
. Voluntary income	2	60,321	—	—	2,000,000	2,060,321	1,038,578
. Investment income	3	170,360	—	—	—	170,360	112,799
Incoming resources from charitable activities							
. Funding for the Academy's educational operations	4	204,287	2,730,144	21,914,106	—	24,848,537	17,316,219
Total incoming resources		434,968	2,730,144	21,914,106	2,000,000	27,079,218	18,467,596
Resources expended							
Charitable activities							
. Academy's educational operations	5	278,823	2,353,893	125,664	30,833	2,789,213	—
. Development costs	6	240,538	—	2,874,870	—	3,115,408	2,525,364
. Governance costs	7	6,776	13,512	930	—	21,218	11,433
Total resources expended		526,137	2,367,405	3,001,464	30,833	5,925,839	2,536,797
Net (outgoing) incoming resources before transfers		(91,169)	362,739	18,912,642	1,969,167	21,153,379	15,930,799
Gross transfers between funds		35,453	(6,901)	1,662,836	(1,691,388)	—	—
Net incoming resources before other recognised gains and losses		(55,716)	355,838	20,575,478	277,779	21,153,379	15,930,799
Other recognised gains and losses							
. Actuarial (loss) on defined benefit pension scheme		—	(1,000)	—	—	(1,000)	—
Net movement in funds		(55,716)	354,838	20,575,478	277,779	21,152,379	15,930,799
Funds brought forward at 1 September 2007		332,737	—	21,686,576	1,812,803	23,832,116	7,901,317
Funds carried forward at 31 August 2008		277,021	354,838	42,262,054	2,090,582	44,984,495	23,832,116

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

The Academy had no recognised gains or losses other than those shown above.

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

Income and expenditure account Year to 31 August 2008

	Notes	2008 £	2007 £
Income			
DCSF capital grants	4	21,914,106	16,407,462
DCSF GAG	1	1,529,967	908,757
Other DCSF grants – Start up	4	1,183,677	—
Private sponsorship	2	2,000,000	—
Interest receivable	3	170,360	112,799
Voluntary income	2	60,321	1,038,578
Other income	4	220,787	—
Total income		27,079,218	18,467,596
Expenditure			
DCSF capital grant expenditure		2,875,800	2,216,147
DCSF GAG expenditure		1,521,223	—
Other DCSF grants – Start up expenditure		839,222	—
Private sponsorship expenditure		30,833	—
Depreciation	11	125,841	—
Other expenditure		533,920	320,650
Total expenditure		5,926,839	2,536,797
Excess of income over expenditure			
Restricted funds		21,208,095	16,055,412
Unrestricted funds		(55,716)	(124,613)
		21,152,379	15,930,799

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year to 31 August 2008

	Notes	2008 £	2007 £
Excess of income over expenditure		21,153,379	15,930,799
Actuarial (loss) on defined benefit pension schemes	19	(1,000)	—
Total recognised gains and losses for the year		21,152,379	15,930,799
Net movement to (from) funds			
Restricted funds		21,208,095	16,055,412
Unrestricted fund		(55,716)	(124,613)
		21,152,379	15,930,799

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 12 which, together with the notes to the financial statements on pages 19 to 29, provides full information on the net movements during the year on all the funds of the Academy.

Balance sheet 31 August 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	11		42,697,263		21,925,737
Current assets					
Debtors	13	1,056,041		2,953,468	
Investments	12	395,000		—	
Cash at bank and in hand		2,520,544		2,184,280	
		<u>3,971,585</u>		<u>5,137,748</u>	
Creditors: amounts falling due					
Within one year	14	(1,655,296)		(3,231,369)	
Net current assets			2,316,289		1,906,379
Total assets less current liabilities			45,013,552		23,832,116
Creditors: Amounts falling due after					
one year					
Deferred income		(27,057)			
			(27,057)		—
Net assets excluding pension					
liability			44,986,495		23,832,116
Pension scheme liability	19		(2,000)		—
Net assets including pension					
liability			44,984,495		23,832,116
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds					
. General			354,838		—
. Capital	15		42,262,054		21,686,576
. Other restricted funds	15		2,090,582		1,812,803
			<u>44,707,474</u>		<u>23,499,379</u>
Unrestricted funds					
. General fund			277,021		332,737
			<u>44,984,495</u>		<u>23,832,116</u>

Approved by the Directors
and signed on their behalf by:



Director



Director

Approved on: 18 December 2008

Cash flow statement Year ended 31 August 2008

	Notes	2008 £	2007 £
Cash inflow from operating activities			
<i>Receipts</i>			
DCSF Implementation grant		193,212	791,540
DCSF GAG grant		1,529,967	—
DCSF Start-up grant		1,183,677	—
Other Government grants		16,500	—
Other income received		145,255	—
Sponsorship and donations		2,052,413	549,238
Total receipts		5,121,024	15,663,866
<i>Payments</i>			
Staff costs		1,783,903	—
Other cash payments		1,299,800	993,710
Total payments		3,083,703	993,710
Net cash inflow from operating activities		2,037,321	14,670,156
Returns on investments and servicing of finance			
Interest received		175,892	116,822
Capital income (expenditure)			
Capital grants from DCSF		23,704,955	14,323,088
Purchase of tangible fixed assets		(25,186,904)	(14,392,087)
		(1,481,949)	(14,392,087)
Management of liquid resources and financing			
Investment		(395,000)	—
Increase in cash		336,264	394,891
Reconciliation of net cash flow to movement in net funds			
Increase in cash		336,264	394,891
Change in net funds		336,264	394,891
Net funds at 1 September 2007		2,184,280	1,789,389
Net funds at 31 August 2008	A	2,520,544	2,184,280

A Analysis of changes in net funds

	At 1 September 2007 £	Cash flows £	At 31 August 2008 £
Cash at bank and in hand	2,184,280	336,264	2,520,544

Principal accounting policies 31 August 2008

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Incoming resources

Grants receivable

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

Gifts in kind

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

Sponsorship

Sponsorship provided to the Academy is recognised in the statement of financial activities in the period in which it is receivable.

Donations

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

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

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.

Principal accounting policies 31 August 2008

Tangible fixed assets

All professional fees and other associated costs incurred as part of the capital development works have been capitalised, irrespective of value.

Depreciation is not charged on capital development works that are ongoing at 31 August 2008 but will be charged once completed.

Equipment is depreciated on a straight line basis over its useful economic life as follows:

Boilers, cabling/ducting	15 years
Furniture & Fittings	10 years
Office Equipment	5 years
Classroom Equipment	5 years
Musical Instruments	5 years
Audio-visual & Recording Equipment	5 years
ICT Equipment	3 years in the following split, (Yr 1 – 40%, Yr 2 – 40%, Yr 3 – 20%)

Assets costing more than £1,000 with an expected useful life exceeding one year are capitalised.

Investment policy

Investments are included in the financial statements at their market value at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

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.

Taxation

The Academy is a registered charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992.

Pensions

Academy staff are members of the following defined benefit pension scheme. Further details of the scheme are provided in note 19 to the financial statements.

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 salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education and Skills. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS) which is managed by the London Borough Hackney Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Notes to the financial statements 31 August 2008

1 General Annual Grant (GAG)

	2008 £	2007 £
a. Results and Carry Forward for the Year		
GAG brought forward from previous year	—	—
GAG allocation for current year	1,529,967	—
Total GAG available to spend	1,529,967	—
Recurrent expenditure from GAG	(1,520,400)	—
GAG carried forward to next year	9,567	—
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(183,596)	—
GAG to surrender to DCSF (12% rule breach if result is positive)	(174,029)	—
b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes	—	—
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)	—	—
Recurrent expenditure from GAG in current year	1,520,400	—
GAG allocation for current year	(1,529,967)	—
GAG allocation for previous year x 2%	—	—
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(9,567)	—
(2%) rule breached if result is positive	No breach	No breach

2 Voluntary Income

	Unrestricted funds £	Restricted funds £	2008 Total funds £	2007 Total funds £
Charitable donations	—	2,000,000	2,000,000	466,000
Gifts in kind	36,201	—	36,201	489,341
Miscellaneous donations	24,120	—	24,120	83,238
	60,321	2,000,000	2,060,321	1,038,579

3 Investment Income

	Unrestricted funds £	Restricted funds £	2008 Total funds £	2007 Total funds £
Bank interest receivable	170,360	—	170,360	112,799

Notes to the financial statements 31 August 2008

4 Funding for the Academy's educational operations

	2008 £	2007 £
Department for Children, Schools and Families grants		
. General Annual Grant (GAG) (note 1)	1,529,967	—
. Start up grant	1,183,677	—
. Capital grants	21,914,106	16,407,462
. Implementation grants	—	908,757
	24,627,750	17,316,219
Other Government grants		
. Schools sports co-ordinator grant	16,500	—
Other income		
. Stated pupil income	87,651	—
. Standards funds	41,370	—
. Catering income	14,156	—
. Contribution to visits	15,459	—
. Other miscellaneous grants	45,651	—
	204,287	—
	24,848,537	17,316,219

5 Charitable activities – Academy's educational operations

	2008 £	2007 £
Direct costs		
Teaching and educational support staff costs	1,307,137	—
Books, apparatus and stationery	213,939	—
Staff development	7,662	—
Educational consultancy	9,840	—
Other direct costs	43,537	—
	1,582,115	—
Allocated support costs		
Support staff costs	620,042	—
Depreciation	125,841	—
Catering	78,449	—
Technology costs	70,009	—
Maintenance of premises and equipment	58,886	—
Other support costs	53,990	—
Heat and light	52,580	—
Insurance	49,482	—
Cleaning	25,897	—
Marketing and Communication	23,967	—
Legal & Professional Fees	17,088	—
Furniture and Equipment	12,561	—
Pupil recruitment and support	6,574	—
Rent and rates	5,821	—
Bank interest and charges	3,684	—
Transport	1,343	—
Security	884	—
	1,207,098	—
	2,789,213	—

Notes to the financial statements 31 August 2008

6 Development costs

	Unrestricted funds £	Restricted funds £	2008 Total funds £	2007 Total funds £
Furniture, equipment and ICT	—	1,717,235	1,717,235	197,399
Temporary accommodation	603	779,697	780,300	542,876
Project management costs	42,300	212,709	255,009	296,471
Insurance	—	87,422	87,422	77,776
Support costs	79,111	—	79,111	196,874
Communication	55,376	—	55,376	97,376
Maintenance of premises and equipment	—	43,101	43,101	—
Legal and professional fees	7,922	27,348	35,270	114,077
Recruitment costs	3,464	—	3,464	227,290
Transition costs	—	7,358	7,358	—
Staff costs	—	—	—	630,051
Other costs	51,762	—	51,762	145,174
	240,538	2,874,870	3,115,408	2,525,364

7 Governance costs

	Unrestricted funds £	Restricted funds £	2008 Total funds £	2007 Total funds £
Audit fees	587	13,513	14,100	8,225
Consultants' fees	900	—	900	3,208
Legal and professional fees	5,288	930	6,218	—
	6,775	14,443	21,218	11,433

8 Staff costs

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2008, expressed as full time equivalents, was as follows:

	2008 No.	2007 No.
Charitable activities		
Management	7	5
Teaching staff	18	3
Non teaching staff	28	1
Total	53	9
	2008 £	2007 £
Staff costs comprise:		
Wages and salaries	1,584,586	510,405
Social Security costs	104,518	50,106
Other pension costs	150,431	69,540
	1,839,535	630,051

Notes to the financial statements 31 August 2008

8 Staff costs (continued)

2 employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2008. The total emoluments of these employees were in the following range:

	2008 No.	2007 No.
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2008, total pension contributions for these staff members amounted to £19,667 (2007 - £18,320).

9 Directors' remuneration

None of the Directors received any remuneration or reimbursement of expenditure in respect of their responsibilities as Directors during the year (2007 - none). Mrs S Bains received remuneration in respect of her services as Principal during the period.

10 Taxation

The Academy is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Tangible fixed assets

	Academy development costs £	Furniture, fittings and equipment £	Computer equipment and software £	Total £
Cost				
At 1 September 2007	21,435,251	126,168	364,318	21,925,737
Additions	20,086,354	209,345	603,019	20,898,718
Disposals	—	—	(1,351)	(1,351)
At 31 August 2008	41,521,605	335,513	965,986	42,823,104
Depreciation				
At 1 September 2007	—	—	—	—
Charge for the year	—	3,934	121,907	125,841
At 31 August 2008	—	3,934	121,907	125,841
Net book values				
At 31 August 2008	41,521,605	331,579	844,079	42,697,263
At 31 August 2007	21,435,251	126,168	364,318	21,925,737

Notes to the financial statements 31 August 2008

11 Tangible fixed assets (continued)

	2008 £
Source of funding for assets acquired during the year	
Net book value at 31 August 2007	21,925,737
DCSF capital grants	21,914,106
Less: Disposals	(1,351)
Private sector capital sponsorship	1,513,598
Less: Capital funds expensed in year	(2,875,800)
General funds	346,814
Cost of Fixed assets as at 31 August 2008	42,823,104
Less: Depreciation charge	(125,841)
Net book value at 31 August 2008	42,697,263

12 Investments

Movements in listed investments during the year were as follows:

	2008 £	2007 £
Market value at 1 September 2007	—	—
Additions at cost	395,000	—
Market value at 31 August 2008	395,000	—
Cost of listed investments at 31 August 2008	395,000	—

All listed investments were dealt on a recognised stock exchange and were held in UK unit trusts.

At 31 August 2008, the Academy owned the following individual holdings:

	Value £	% of portfolio
Chariguard UK Equity fund	157,500	39.9
Charibond Fixed Interest fund	132,500	33.5
Chariguard Overseas Equity fund	52,500	13.3
Charishare Common Investment fund	52,500	13.3
	395,000	100.0

Notes to the financial statements 31 August 2008

13 Debtors

	2008 £	2007 £
Accrued interest	5,798	11,331
Prepayments	129,421	123,652
DCSF implementation grant receivable	—	193,212
DCSF capital grant receivable	861,390	2,625,273
Other debtors	59,432	—
	1,056,041	2,953,468

14 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	1,522,871	2,947,145
Accruals and deferred income	71,021	284,224
Other creditors	61,404	—
	1,655,296	3,231,369

15 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 2007 £	Incoming resources £	Resources expended and transfers £	At 31 August 2008 £
Restricted general fund				
· General Annual Grant (GAG)	—	1,529,967	(1,521,400)	8,567
· Start up grant	—	1,183,677	(846,123)	337,554
· Other Government grants	—	16,500	(7,783)	8,717
	—	2,730,144	(2,375,306)	354,838
Capital fund				
· DCSF capital grant	21,686,576	21,914,106	(1,338,628)	42,262,054
Other restricted funds	1,812,803	2,000,000	(1,722,221)	2,090,582
Total restricted funds	23,499,379	26,644,250	(5,436,155)	44,707,474

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

General Annual Grant

General Annual Grant must be used for the normal running costs of the Academy. The Academy 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 Academy, but any balance over 2% must be used for capital purposes.

Notes to the financial statements 31 August 2008

15 Restricted funds (continued)

Restricted general fund

This fund includes DCSF grants that relate to the Academy's development and operations and cover project management, consultancy and transitional management/staffing costs. In addition, gifts in kind from UBS AG are included within this fund.

Capital fund

These grants relate to funding received from the DCSF to carry out works of a capital nature prior to the Academy's opening.

Other restricted funds

These funds relate to charitable donations received to carry out works of a capital or revenue nature.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds			Total 2008 £
		General £	Capital £	Other £	
Fund balances at 31 August 2008 are represented by:					
Tangible fixed assets	—	1,597	42,695,666	—	42,697,263
Current assets	277,021	711,066	892,916	2,090,582	3,971,585
Creditors: amounts falling due within one year	—	(328,768)	(1,326,528)	—	(1,655,296)
Long term creditors	—	(27,057)	—	—	(27,057)
Pension liability	—	(2,000)	—	—	(2,000)
Total net assets	277,021	354,838	42,262,054	2,090,582	44,984,495

17 Related party transactions

UBS AG is the sponsor of the Academy. As part of the funding agreement with the Secretary of State for Education and Skills, UBS AG has pledged a total of £2.317m towards the capital cost of the new Academy. By the end of the year, UBS AG had contributed a total of £2m to the capital project. The balance is being settled in accordance with the terms agreed in the funding agreement.

UBS AG has provided employees, contractors and other support to assist the Academy when required. Wherever possible, they have valued this assistance in the financial statements, except for when to do so would require a disproportionate amount of time and expense for the Directors.

18 Capital commitments

The Academy had the following capital commitments at 31 August 2008:

	2008 £	2007 £
Contracted for, but not provided in the financial statements	966,797	23,126,075
Authorised by Directors, but not yet contracted	35,394	139,227
	<u>1,002,191</u>	<u>23,265,302</u>

The above capital commitments will be met from DCSF capital grants to be received in future years.

19 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.

Teachers' Pension Scheme (TPS)

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

Teaching staff are members of the Teachers' Pension Scheme (TPS). The TPS is an unfunded scheme whereby contributions are made to the government exchequer and pension payments are paid from it. Any deficit is met from government resources on a continuing basis, whereas any excess is deemed to be an investment in government securities and the notional interest credited to the scheme.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The latest actuarial valuation of the scheme was at 31 March 2004 and significant facts concerning the scheme are given below:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected benefits
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£162.650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	<u>98.88%</u>

19 Pension commitments (continued)

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 September 2007 to 31 August 2008 the employer contribution was 16.1%.

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2008 was £41,345 (2007 - £62,768).

Local Government Pension Scheme

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS). This is managed by the London Borough of Hackney Pension Fund.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

As the LGPS is a statutory scheme, there is no regulatory provision for scheme wind up and the scheme members have a statutory right to their accrued benefits. Therefore the concept of solvency on a buy-out basis does not apply to the Fund.

The following information is based on the latest actuarial valuation of the scheme at 31 March 2004 and significant facts concerning the scheme are given below:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected benefits
Investment returns per annum	4.7%
Salary scale increases per annum	4.4%
Market value of assets at date of last valuation	£427m
Proportion of members' accrued benefits covered by the actuarial value of the assets	64%

The pension cost charged in the financial statements for this scheme for the year ended 31 August 2008 was £41,345 (2007 - £6,772).

19 Pension commitments (continued)

Local Government Pension Scheme (continued)

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

	Long term rate of return expected at 31 August 2008 £	Value at 31 August 2008 £
Equities	5.7%	35,000
Bonds	5.1%	7,000
Cash	4.6%	3,000
Property	5.5%	6,000
Total fair value of assets	51,000	51,000
Present value of scheme liabilities	(53,000)	(53,000)
Net pension liability	(2,000)	(2,000)

Analysis of amount chargeable to income and expenditure account

	2008 £	2007 £
Employer service cost (net of employee contributions)	31,000	—
Total operating charge	31,000	—

Analysis of pension finance income (costs)

	2008 £	2007 £
Expected return on employer's share of scheme assets	(2,000)	—
Interest on pension liabilities	2,000	—
Pension finance income (costs)	—	—

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2008 £	2007 £
Actual return less expected return on pension scheme assets	(4,000)	—
Experience gains and losses arising on the scheme liabilities	3,000	—
Changes in financial and demographic assumptions underlying the present value of the scheme liabilities	—	—
Actuarial (loss) recognised in STRGL	(1,000)	—

Notes to the financial statements 31 August 2008

19 Pension commitments (continued)

Local Government Pension Scheme (continued)

Movement in deficit during the year

	2008 £	2007 £
Deficit in the scheme at 1 September 2007	—	—
Movement in year:		
. Current service cost	(39,000)	—
. Employer contributions	38,000	—
. Pension finance income (costs)	—	—
. Actuarial (loss) gain	(1,000)	—
Deficit in the scheme at 31 August 2008	(2,000)	—

History of experience gains and losses

	2008 £
Difference between the expected and actual return on scheme assets:	
Amount	(4,000)
Percentage of scheme assets	(7.8)%
Experience gains and losses on scheme liabilities	
Amount	3,000
Percentage of scheme assets	5.9%
Actuarial loss recognised in STRGL	
Amount	(1,000)
Percentage of the present value of the scheme liabilities	(1.9)%