

Registered Company number: 07492165

THE ACADEMY AT SHOTTON HALL LIMITED
(a company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 AUGUST 2011

FRIDAY



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23/12/2011
COMPANIES HOUSE

THE ACADEMY AT SHOTTON HALL LIMITED
FINANCIAL STATEMENTS
Period ended 31 August 2011

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THE ACADEMY AT SHOTTON HALL LIMITED

COMPANY INFORMATION

Period ended 31 August 2011

Governors (Trustees)

(NB all governors are directors of The Academy at Shotton Hall)

*** Finance/Premises & Grounds Committee Members**

General Governors

Mr Roy Simpson (Chair) Trust Member

Mrs Diane Nicholson* Trust Member

Mr Jake Cameron* Trust Member

Mrs Susan McDonnell* Trust Member

Mr Gary Wheatley*

Mr Gordon Maughan – Responsible Officer

Mrs Sandra Mason*

Local Authority Governor

Mr Dennis Coates*(Chair Finance)

Parent Governors

Mr Paul Smith

Mr Aiden Jame McKenzie

Mr John Clipperton*

Mrs Katherine Hardman

Mr John Park*

Mrs Amanda Moon*

Mrs Fay Talbot*

Staff Governors

Mrs Sarah Crowdy

Mr Ashok Patel

Mrs Dawn Bell

Principal

Mrs Lesley Powell

Company Secretary

Mrs C Barclay

Senior Management Team:

Vice Principal

Assistant Principals

Mr Brian Burlinson

Mrs Valerie Bell

Mr Bryan Stephenson

Miss Alex Hook

Mr Rodger Davies

Mrs Chris Wolfendale

Leadership Team

Associate Assistant Principals

Senior Management team

Miss S Pallister

Miss A Favaro

Mr S Taylor

Mr A Patel

Mrs C Barclay

Mrs D Livingston

Head of Financial Services

Head of Administrative Services

THE ACADEMY AT SHOTTON HALL LIMITED

COMPANY INFORMATION (continued)

Period ended 31 August 2011

Principal and Registered Office	The Academy at Shotton Hall Passfield Way Peterlee Co Durham SR8 1NX
Company Registration Number	07492165
Independent Auditor	Baker Tilly UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	Lloyds TSB PO Box 1000 Andover BX1 1LT
Solicitors	Schofield Sweeney Springfield House 76 Wellington Street Leeds LS1 2AY

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2011

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 13 January 2011 and converted to Academy status on 1 February 2011. The governors act as trustees for charitable activities of The Academy at Shotton Hall Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Academy at Shotton Hall.

Details of the Governors who served throughout the period since conversion are included in the Reference and Administrative Details on page 3.

Members' liability

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

Principal activities

The Academy's object ("the Object") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The Academy Trust shall ensure that the broad and balanced curriculum includes English, Mathematics and Science and shall make provision for the teaching of religious education. The Academy Trust shall ensure that the Academy complies with any guidance issued by the Secretary of State from time to time to ensure that pupils take part in assessments and in teacher assessments of pupils' performance as they apply to maintained schools. In respect of all key stages the Academy Trust will submit the Academy to monitoring and moderation of its assessment arrangements as prescribed by the Secretary of State.

Method of recruitment and appointment or election of governors

The Members of the Academy comprise of the three signatories to the Memorandum and one other person who was appointed under Article 16 of the Memorandum and Articles of Association. Details of the governing body are shown in the Reference and Administration details. The members may appoint Staff governors through such process as they may determine, provided that the total number of Governors including the Principal who are employees of the Academy Trust does not exceed one third of the total number of Governors. Durham County Council have appointed the Local Authority (LA) Governor. The Parent Governors are elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when they are elected and the governing body make all necessary arrangements for elections. If the number of Parent Governors standing for election is less than the number of vacancies then the Governing Body can appoint the parent Governors. The Governors may appoint up to 3 Co-opted Governors. A Co-opted Governor, means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Secretary of State may appoint such Additional Governors as he thinks fit under Article 62, 62A, 62C or 68A. The term of office for any Governor shall be 4 years. At the Governors first meeting each school year they will elect a chairman and vice-chairman.

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

Policies and procedures adopted for the induction and training of governors

The Academy Trust are provided with support from the School and Governor Support Service with the LA in the form of a Service Level Agreement. The provision of individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. Governors also have access to the website and a Governor Information File to assist in their induction. Governors receive a copy of the termly magazine 'School Governor' also.

Organisational structure

Academy Trust Annual General Meeting – must be held every year and be called as such, not more than 15 months shall elapse between the date of one AGM and that of the next. The Academy Trust Members also hold a termly meeting.

Governors

A meeting of Full Governors takes place termly.

In accordance with the School Staffing Regulations the current committee arrangements, including membership and remits together with revenue and expenditure limits and delegation of staff functions will be considered at the first meeting on an annual basis.

Committee Structure

Pastoral Committee (Attendance, Admissions and Safeguarding)

- Attendance of students
- Mechanisms to improve attendance
- Measures to reward attendance
- Admissions procedures
- Safeguarding

Meetings Termly or when required

Disqualification Prior knowledge in cases of pupil discipline or complaints

Finance/Premises & Grounds Committee

- To consider all matters received relating to the financial aspects of the Academy, including
- Approval of internal financial procedures, Financial regulations manual, Purchasing and procurement, including limits for tendering, Payroll, including arrangements for making PAYE deductions and completing tax forms for HM Revenue and Customs, Receipt of gift and hospitality,
- Approval of the Academy's budget and associated procedures including Nomination of a governor to have responsibility for monitoring of the Development Plan, Establishment of procedure and timetable for regular reporting of financial progress against budget to both the headteacher (accounting officer) and the governing body
- Setting and approval of delegated authority levels and signatories for cheques, bank forms and DfE returns
- Delegation of appropriate powers and functions to the Headteacher including responsibility for the internal organisation and control of the academy, the implementation of all policies approved by the governing body and the direction of teaching and the curriculum
- Nomination and appointment of a governor to act as 'responsible officer' for the purposes of making periodic checks on the academy's systems, controls and financial transactions (The RO cannot be the chairman or member of finance sub committee)
- Oversight of Audit
- Approval of arrangements for recording assets
- Circulation of members business interests
- Approval of insurance arrangements e.g. to cover governors (indemnity), public liability employers liability and to safeguard assets

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

- Receive budget and agree a budget plan
- Monitor and determine spending patterns and consider spending proposals from other committees
- Decide virement
- Consider and promote income generation
- Check the annual accounts of all voluntary funds held by the school
- Health and Safety Issues
- PFI Monitoring

Meetings Termly or each half term if required.

Personnel Committee

- Teaching staff appointment (up to TLR 1a delegated to Principal) (Principal and Vice Principal appointments will be subject to consideration by the full governing Body)
- Non Teaching Staff appointments (delegated to Principal)
- Temporary appointments (delegated to Principal)
- To check staff appraisal arrangements are in place and being developed
- Consider leave of absence (delegated to Principal)
- Staffing Structure (any budgetary implications submitted to Finance/Premises & Grounds Committee)

Meetings When required

Pay Review Committee

- To act in accordance with the School Pay policy to include matters relating to the determination of additional responsibility points, re-gradings, recruitment and relocation points and the annual review including the Vice Principal and Principal performance review/targets
- To act in accordance with the WSPP (revised and agreed by the Governing Body annually) to include matters relating to the determination of additional responsibility points, re-gradings, recruitment and retention points and the annual review including the Principal's performance review/targets
- Staff disciplinary and grievance matters
- Staff reductions
- Ill health absence

Meetings Autumn term plus as and when necessary Disqualifications school staff, pecuniary interest

Appeals Committee

- To consist of all members of the Governing Body not involved or invited to the Committee making the initial decision on matters relating to pay, discipline and staff reduction (excluding members of staff employed at the school)

Meetings as and when required, must have no fewer members than the hearing Disqualifications Principal, any governor who was involved in the original hearing Spouse/partner

Teaching Staff Capability Committee

Capability Committee

Hearings up to and including dismissal (dependant upon the level of delegation to the Headteacher e.g. if the Principal has delegated powers up to and including First Written Warning, the committee deals with all other stages up to and including dismissal)

Disqualifications Principal

Capability First Appeal Committee

To hear appeals against decisions taken by the Principal and/or the Capability Committee (up to and including Final Written Warning)

Disqualifications Principal, Chairperson if prior knowledge

Capability Final Appeal

To hear appeals against dismissal (from this capability process only)

Vacancy x 7

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

Curriculum (Standards, Achievement, Attainment and curriculum)

- To make recommendations to the Governing Body and review the Academy's curriculum statement as required in the light of the Academy curriculum statement and statutory obligations regarding the National Curriculum
- In collaboration with the staff to provide information about how the curriculum is taught, evaluation and resources
- To monitor and review information about pupil performance and reporting to parents
- To receive departmental presentations

Meetings Termly

Pupil Discipline Committee

- To deal with Fixed Term Exclusions over 15 days
- Permanent Exclusions

General Purposes Committee

- Other issues not covered by other Committees
- Parental Complaints
- Complaints
- Review of SEF
- Review of SIP
- Review of School Targets
- Review of School Policies

Meetings Autumn Term, Summer term and when required

The Steering Group consists of the Principal, Vice Principal, and four Assistant Principals. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Management are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Leadership team comprises of the Steering Group, four Associate Assistant principals, The Head of Financial Services and Head of Administrative Services who are responsible for the day to day operation of the Academy including organising the teaching staff, facilities and students.

Risk management

The Academy has produced a risk register in order to formally identify the major risks to which the Academy is exposed. A number of systems to assess risks that the school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and educational visits) have already been introduced and furthermore, appropriate arrangements (e.g. a regular and thorough lesson observation programme, safer recruitment, vetting of visitors and staff supervision procedures) are firmly in place to minimise risk. This includes an effective system of internal financial controls. Where significant financial risk remains, adequate insurance cover is in place.

Connected organisations, including related party relationships

The Academy does not work in federation with any other organisation. However, informal relationships with local schools, universities, ITT providers and businesses exist where these partnerships assist in the achievement of Academy objectives.

Objectives, strategies and activities

The principal object and activity of the charitable trust is the operation of the Academy at Shotton Hall to provide education for pupils between the ages of 11 and 16.

The Academy's admissions code has governor approval and is published on the website www.shottonhallschool.co.uk. The Academy has a rolling programme of self evaluation and this is summarised in the Academy Self Evaluation Form. Action points from the evaluation are then developed in the Academy Action Plan.

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Achievements and Performance

Students enter the Academy at Shotton Hall with attainment that places them slightly below average. In particular, literacy and numeracy skills are low and approximately half of each year group require intervention in these areas to support their learning. The Academy scores highly in the indices of multiple deprivation with 25% of students eligible for FSM (10% above national average).

According to the IDAG index more than 50% of our students live in the lowest 30% areas of deprivation in the country. Students leave the academy with results that are significantly above average as far as attainment is concerned (raw results compared to national averages) and this means that learning and progress are outstanding. In 2010 the CBA placed us as the 6th best in the County in terms of value added (progress from where they started until they left). Data in 2011 is considerably better and we expect to improve on this position.

In 2011 we significantly exceeded all targets with 98% of students achieving 5+ A*-C grades and 93.4% achieving 8+ A*-C grades.

39% achieved at least 3 A*-C grades and 67% achieved 5+ A*-C grades including English and Maths.

All subjects, except one, produced results significantly above national average at A*-C and more than half were above national averages at A*-A grades.

Individually, English and Maths results were both 12% above national and Science more than 20% above nationals. These figures continue to show significant improvement on previous years and continue to place us in the outstanding category for Achievement (the sum of attainment and progress). Attendance and P/A data were also outstanding.

These outcomes were achieved via the pursuit of our objectives, utilising resources effectively to address issues as these arose.

Going concern

Taking into account consideration of all relevant facts and circumstances and after making appropriate enquiries the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern. For this reason it adopts the going concern basis preparing the financial statements.

Financial Review

The majority of the Academy's income is obtained from the DFE in the form of recurrent grants, the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the period ending 31st August 2011.

The Academy also received a 'carry forward' sum of £594,432 from Durham County Council which represented the surplus funds of Shotton Hall School. In accordance with YPLA guidance this amount is shown in the statement of recommended practice as 'voluntary income'.

The Academy received contributions from the DFE of £191,895 and of £58,858 from the Local Authority to bridge the "Affordability Gap" in the LA Private Finance Initiative for the building of the school premises. Private Finance Initiative (PFI) costs are shown net of this contribution in note 9.

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

During the period ending 31st August 2011 total expenditure of £3,465,852 was more than covered by recurrent DFE grant funding together with other incoming resources. The excess of income over expenditure was £464,950.

The Academy's new Finance Manual was agreed by Governors on 19th May 2011. This document sets out key financial responsibilities and policies including delegation of spending and virement limits, capitalisation limit, purchasing procedures including procurement regulations and systems of internal control.

All expenditure of the Academy Trust is made in line with this manual as and such, supports the provision of Education of all pupils on role.

Financial and risk management objectives and policies

The Academy manages its risks appropriately. We consider that risks such as the uncertainty over the LGPS deficit and future recurrent funding provision possibly due to the introduction of a national funding formula will feature in the financial risk register as the main areas of concern.

Principal risks and uncertainties

The Principal risks and uncertainties at the moment undoubtedly arise from the rapid pace of change in the educational landscapes arising from the change in government. In curricular terms we have adopted a working brief and are ensuring we respond quickly and flexibly. The largest concern arises from discussion of a national funding formula as all schools are unclear as to how this would impact financially. As we have significant numbers on FSM this should cushion us, via the pupil premium, against the worst effects.

Reserves policy

It is intended that the Governors will review the reserve levels of the Academy annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The level of free reserves at the end of the period ending 31st August was £755,715.

A programme to procure a contract to provide additional classroom space is about to begin and it is expected that the work and associated expenditure will take place in the 2011/12 Academic year.

Investment policy

Governors have formally discussed investment options on a number of occasions however they have concluded that in the current economic climate such a policy would be futile. The level of interest paid on the Academy's current account attracts a more favourable rate of interest than instant access deposit accounts at present.

Plans for Future Periods

These are included in detail within the "Academy development plan" which is available on the Academy's website.

Auditors

Baker Tilly UK Audit LLP was appointed on 14 April 2011 and has indicated its willingness to continue in office.

THE ACADEMY AT SHOTTON HALL LIMITED

GOVERNORS' REPORT

Period ended 31 August 2011

Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Board at its meeting on 8 December 2011 and signed on its behalf by



Roy Simpson
Chair

THE ACADEMY AT SHOTTON HALL LIMITED

STATEMENT OF INTERNAL CONTROL

Period ended 31 August 2011

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the 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 at Shotton Hall Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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 Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Academy at Shotton Hall Trust for the year ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body is in the process of reviewing the key risks to which the Academy Trust 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 a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2011 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

THE ACADEMY AT SHOTTON HALL LIMITED

STATEMENT OF INTERNAL CONTROL

Period ended 31 August 2011

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 Gordon Maughan, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. To date the RO has performed two quarterly checks and has reported to the Governors accordingly.


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 Head of Finance within the Academy Trust who has responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Governing Body on 8 December 2011 and signed on its behalf by


Roy Simpson
Chair

Lesley Powell
Accounting Officer



THE ACADEMY AT SHOTTON HALL LIMITED
STATEMENT OF GOVERNORS' RESPONSIBILITIES

Period ended 31 August 2011

The governors (who act as trustees for charitable activities of The Academy At Shotton Hall Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including 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 SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
THE ACADEMY AT SHOTTON HALL LIMITED**

We have audited the financial statements of The Academy at Shotton Hall Limited for the period ended 31 August 2011 on pages 17 to 39. 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 Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company'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

As explained more fully in the Statement of Governors responsibilities set out on page 14, the governors (who act as trustees for the charitable activities of the company, and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency.

Opinion on other matter

In our opinion grants made by the Department for Education have been applied for the purposes intended.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
THE ACADEMY AT SHOTTON HALL LIMITED (continued)**

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

- the charity has not kept adequate accounting records, 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

Baker Tilly UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

14/12/11

THE ACADEMY AT SHOTTON HALL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account and statement of total recognised gains and losses)

for the period ended 31 August 2011

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2011
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	4	118,080	30,582	-	148,662
- Voluntary income - transfer on conversion	26	630,233	(557,000)	-	73,233
- Activities for generating funds	5	171,130	-	-	171,130
Investment income	6	409	-	-	409
Incoming resources from charitable activities					
- Funding of the Academy educational operations	2	-	3,537,368	-	3,537,368
Total incoming resources		<u>919,852</u>	<u>3,010,950</u>	<u>-</u>	<u>3,930,802</u>
Resources expended					
Costs of Generating Funds					
- Costs of generating voluntary income	8	14,049	-	-	14,049
- Costs of activities for generating funds	8	150,088	-	-	150,088
Charitable activities					
- Academy's educational operations	9	-	3,283,640	-	3,283,640
Governance costs	10	-	18,075	-	18,075
Total resources expended		<u>164,137</u>	<u>3,301,715</u>	<u>-</u>	<u>3,465,852</u>
Net incoming resources before other recognised gains and losses and transfers		755,715	(290,765)	-	464,950
Actuarial gains on defined benefit pension schemes	16	-	9,000	-	9,000
Total fund balances carried forward at 31 August 2011		<u>755,715</u>	<u>(281,765)</u>	<u>-</u>	<u>473,950</u>

All of the Academy Trust's activities are derived from acquisitions in the current financial period

THE ACADEMY AT SHOTTON HALL LIMITED (Company Number: 07492165)

**BALANCE SHEET
at 31 August 2011**

	Note	2011 £
Fixed assets		
Tangible assets	12	-
Current assets		
Stock	13	14,153
Debtors	14	1,046,021
Cash at bank and in hand		907,990
		<u>1,968,164</u>
Creditors amounts falling due within one year	15	(939,214)
Net current assets		<u>1,028,950</u>
Total assets less current liabilities		<u>1,028,950</u>
Pension scheme liability	16	(555,000)
Net assets (including pension scheme liability)		<u><u>473,950</u></u>
Total funds of charity		
Restricted fund		
Fixed Asset fund	17	-
General fund	17	273,235
Pension reserve	16	(555,000)
	17	<u>(281,765)</u>
Unrestricted fund		
General fund	18	755,715
Total funds	18	<u><u>473,950</u></u>

The financial statements on pages 17 to 39 were approved by the Governors and authorised for issue on 8 December 2011 and signed on their behalf by



Chairman

THE ACADEMY AT SHOTTON HALL LIMITED
CASHFLOW STATEMENT
for the period ended 31 August 2011

	Note	2011 £
Operating activities		
Receipts		
GAG		3,379,910
Other Grants		223,280
Other receipts		311,328
Surplus on conversion		594,432
Payments		
Staff costs		(2,605,221)
Other costs		(1,031,566)
Net cash inflow from operating activities	25a	<u>872,163</u>
Returns on investments and servicing of finance		
Interest received		409
Interest paid		(383)
		<u>26</u>
Capital expenditure		-
Cash balance transferred on conversion	25b	35,801
Net increase in cash		<u>907,990</u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		<u>907,990</u>
Change in net funds		
Net funds at 13 January 2011		-
Net funds at 31 August 2011		<u>907,990</u>
	At 13 January 2011 £	Cash Flows £
Cash at bank and in hand	<u>-</u>	<u>907,990</u>
		<u>907,990</u>

THE ACADEMY AT SHOTTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2011

1 ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the period are

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from the maintained school Shotton Hall School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Academy at Shotton Hall Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general funds. Further details of the transaction are set out in note 26.

Going Concern

After reviewing financial and other information available, the governors consider 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.

Incoming resources

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

Grants receivable

Fixed asset grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

Donations

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

Other income

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

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

1 ACCOUNTING POLICIES (continued)

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits

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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the Academy Trust's educational operations.

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Governors.

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Young People's Learning Agency.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Young People's Learning Agency, where the asset acquired or created is held for a specific purpose.

Building Schools for the Future

The Academy occupies buildings which have been procured by Durham Local Authority under the BSF programme as a PFI project. The Academy pays revenue contributions in respect of Facilities Management. The BSF contract will expire in 2036. The Academy does not have any rights or obligations of ownership in respect of these assets, and therefore they are not included on the Academy's balance sheet. The revenue payment for service (net of affordability gap contribution) is recognised in the SOFA.

When the Academy procures and pays for additional furniture or equipment, or changes to the building, the costs are capitalised and depreciated in accordance with the Tangible Fixed Asset policy below.

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

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

Fixtures, fittings and equipment	25% per annum
ICT equipment	25% per annum
Motor Vehicles	25% per annum

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

Stock

Unsold catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

Leased assets

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

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

1 ACCOUNTING POLICIES (continued)

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

2 FUNDING OF THE ACADEMIES EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Restricted fixed assets fund £	2011 Total £
DfE/YPLA REVENUE GRANTS				
General annual grant (GAG) (note 3)	-	3,379,910	-	3,379,910
Other DfE/YPLA grants	-	113,644	-	113,644
	-	3,493,554	-	3,493,554
OTHER GOVERNMENT GRANTS				
Other grants	-	43,814	-	43,814
	-	43,814	-	43,814
	-	3,537,368	-	3,537,368

3 GENERAL ANNUAL GRANT (GAG)

	2011 £
Results and Carry Forward for the period	
GAG allocation for the current period	3,379,910
Total GAG available to spend	3,379,910
Recurrent expenditure from GAG	(3,200,771)
Fixed assets purchased from GAG	-
GAG carried forward to next year	179,139
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(405,589)
GAG to surrender to DfE (12% breached if result is positive)	(226,450)
	no breach

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

4 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed assets fund £	2011 Total £
Other income	99,854	-	-	99,854
DfE/YPLA capital grant	-	23,406	-	23,406
Donations	18,226	7,176	-	25,402
	<u>118,080</u>	<u>30,582</u>	<u>-</u>	<u>148,662</u>

5 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2011 Total £
Catering income	113,943	-	113,943
School trips	48,062	-	48,062
Income from lettings	8,766	-	8,766
Sale of merchandise	359	-	359
	<u>171,130</u>	<u>-</u>	<u>171,130</u>

6 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2011 Total £
Bank interest	409	-	409
	<u>409</u>	<u>-</u>	<u>409</u>

7 RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other £	Total 2011 £
Costs of generating voluntary income	-	-	14,049	14,049
Cost of activities for generating funds	-	-	150,088	150,088
Academy's Educational Operations				
Direct costs	2,654,228	-	230,981	2,885,209
Allocated support costs	13,329	-	385,102	398,431
Governance including allocated support	-	-	18,075	18,075
	<u>2,667,557</u>	<u>-</u>	<u>798,295</u>	<u>3,465,852</u>

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2011

7 RESOURCES EXPENDED (continued)

Net incoming resources for the year are stated after	2011 £
Fees payable to Baker Tilly UK Audit LLP and its associates for	
- audit	7,000
- other services	1,335
PFI costs	198,333

8 COST OF GENERATING FUNDS

	Unrestricted Funds £	Restricted General Funds £	2011 £
Cost of generating voluntary income			
Marketing	14,049	-	14,049
	<u> </u>	<u> </u>	<u> </u>
Cost of activities for generating funds			
Catering expenditure	83,726	-	83,726
School trips	66,362	-	66,362
	<u> </u>	<u> </u>	<u> </u>
	150,088	-	150,088
	<u> </u>	<u> </u>	<u> </u>

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

9 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted general funds £	2011 £
Direct costs			
Teaching and education support staff costs	-	2,654,228	2,654,228
Books, apparatus & stationery	-	143,537	143,537
Examination fees	-	51,624	51,624
Staff development	-	13,650	13,650
Education consultancy	-	22,170	22,170
	<u>-</u>	<u>2,885,209</u>	<u>2,885,209</u>
Total direct costs	<u>-</u>	<u>2,885,209</u>	<u>2,885,209</u>
Allocated support costs			
Personnel Costs			
Support staff costs	-	13,329	13,329
	<u>-</u>	<u>13,329</u>	<u>13,329</u>
Establishment Expenses			
Maintenance of premises & equipment	-	46,132	46,132
PFI costs	-	198,333	198,333
Rates	-	20,277	20,277
Insurance	-	35,465	34,465
Security	-	12,423	12,423
	<u>-</u>	<u>312,630</u>	<u>312,630</u>
General Expenses			
Recruitment & support	-	200	200
Bank interest & charges (incl. FRS 17)	-	16,383	16,383
Cleaning costs	-	1,187	1,187
Other support costs	-	54,702	54,702
	<u>-</u>	<u>72,472</u>	<u>72,472</u>
Total allocated support costs	<u>-</u>	<u>398,431</u>	<u>398,431</u>
Total costs	<u>-</u>	<u>3,283,640</u>	<u>3,283,640</u>

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

10 GOVERNANCE COSTS

	2011
	£
Audit fees	7,000
Accountancy fees	1,335
Legal and professional	9,740
Governors expenses	-
	<u>18,075</u>

11 STAFF COSTS

	2011
	£
Staff costs during the period were	
Wages and salaries	2,199,987
Social security costs	167,228
Pension costs (including FRS 17 credit £9,000)	287,013
	<u>2,654,228</u>
Supply teacher costs	13,329
Compensation payments	-
	<u>2,667,557</u>

The average number of persons (including senior management team) employed by the Academy Trust during the period ended 31 August 2011 was as follows

	2011
	No.
Teachers	64
Administration and support	57
Management	8
	<u>129</u>

The number of employees whose annual emoluments excluding pension contributions fell within the following bands was

	2011
	No.
£60,001 - £70,000	5
£70,001 - £80,000	-
£80,001 - £90,000	1
	<u>6</u>

During the period ended 31 August 2011, pension contributions for the above staff amounted to £33,667

THE ACADEMY AT SHOTTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2011

11 STAFF COSTS (continued)

GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff governors and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. The annual amount of Principal's remuneration was £84,271. The annual salaries of staff governors' was £113,584.

During the period ended 31 August 2011 the governors received no reimbursement relating to travel and subsistence expenses.

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

GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Land & Buildings £	Equipment, fixtures & fittings £	Total £
Cost			
Additions	-	-	-
Disposals	-	-	-
At 31 August 2011	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
Charge in period	-	-	-
Disposals	-	-	-
At 31 August 2011	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 August 2011	<u>-</u>	<u>-</u>	<u>-</u>

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

13	STOCK	At 31 August 2011
		£
	Clothing	-
	Catering	14,153
		<u>14,153</u>
14	DEBTORS	At 31 August 2011
		£
	Trade debtors	463,111
	Prepayments	553,474
	Other debtors	29,436
		<u>1,046,021</u>
15	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	At 31 August 2011
		£
	Trade creditors	528,999
	Accruals and deferred income	344,393
	Other creditors	65,822
		<u>939,214</u>
		At 31 August 2011
		£
	Accruals and deferred income comprises:	
	Incoming resources deferred in the period	255,820
	Deferred income at 31 August 2011	<u>255,820</u>
	Accruals	<u>88,573</u>
	Total accruals and deferred income	<u>344,393</u>

THE ACADEMY AT SHOTTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2011

16 PENSIONS AND SIMILAR OBLIGATIONS

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

As described in note 26, the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to and did join the Scheme in the year/period The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

There were no outstanding or prepaid contributions at the end of the financial period

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
---	--------

Following the implementation of Teacher's Pension (Employer's Supplementary Contribution) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 February 2011 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August was £99,100 of which employer's contributions totalled £76,400. The agreed rates for future years are 11.9% per cent for employers with additional contributions to fund the scheme deficit of £38,935.

Principal actuarial assumptions

	2011
	£
Rate of increase in salaries	5.2%
Rate of increase for pensions in payment	2.8%
Discount rate	5.3%
Inflation (CPI)	2.8%

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

	2011
	£
Retiring today	
Males	21.9
Females	24.0
Retiring in 20 years	
Males	23.7
Females	26.0

THE ACADEMY AT SHOTTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2011

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2011	Fair value at 31 August 2011
Equities	7.7%	197,000
Property	7.2%	25,000
Government bonds	3.7%	113,000
Corporate bonds	4.8%	43,000
Cash	1.2%	11,000
TOTAL MARKET VALUE OF ASSETS		389,000
 Present value of scheme liabilities		 (944,000)
 SURPLUS/(DEFICIT) IN THE SCHEME		 (555,000)

The actual return on scheme assets was £11,000

Amounts recognised in the statement of financial activities	2011 £
Current service cost (net of employee contributions)	67,000
Employer contributions	(76,000)
 Total operating charge (staff costs)	 (9,000)
 Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	(11,000)
Interest on pension liabilities	27,000
 Pension finance income/(costs)	 16,000

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £9,000

Movements in the present value of defined benefit obligations were as follows	2011 £
Transferred from Local Authority on conversion	852,000
Current service cost	67,000
Interest cost	27,000
Employee contributions	23,000
Actuarial (gain)/loss	(24,000)
Benefits paid	(1,000)
	<hr/>
At 31 August	944,000
	<hr/>
Movements in the fair value of Academy Trust's share of scheme assets	
Transferred from Local Authority on conversion	295,000
Expected return on assets	11,000
Actuarial gain/(loss)	(15,000)
Employer contributions	76,000
Employee contributions	23,000
Benefits paid	(1,000)
	<hr/>
At 31 August	389,000
	<hr/>

Employer contributions for the period ended 31 August 2012 are expected to be

- 11.9% of pensionable pay and,
- additional contributions to fund the scheme deficit of £38,935

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows

	2011 £
Present value of defined benefit obligations	(944,000)
Fair value of share of scheme assets	389,000
Deficit in the scheme	(555,000)
Experience adjustments on share of scheme assets Amount	(15,000)
Experience adjustments on scheme liabilities Amount	-

THE ACADEMY AT SHOTTON HALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2011

17 FUNDS

	Incoming resources £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2011 £
Restricted General Fund				
General Annual Grant (GAG)	3,379,910	(3,200,771)	-	179,139
Pension reserve	(557,000)	(7,000)	9,000	(555,000)
	<u>2,822,910</u>	<u>(3,207,771)</u>	<u>9,000</u>	<u>(375,861)</u>
DfE Revenue	113,644	(42,954)	-	70,690
DfE Capital	23,406	-	-	23,406
Other Government	43,814	(43,814)	-	-
Donations	7,176	(7,176)	-	-
	<u>3,010,950</u>	<u>(3,301,715)</u>	<u>9,000</u>	<u>(281,765)</u>
Restricted General Funds	<u>3,010,950</u>	<u>(3,301,715)</u>	<u>9,000</u>	<u>(281,765)</u>

The specific purposes for which the funds carried forward 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.

DfE Revenue

The DfE Revenue funding above comprises insurance reimbursement income of £63,215 and pupil premium monies of £50,429. Both are received from the DfE for specific purposes and expected to be fully utilised in the year ended 31 August 2012.

DfE Capital

Capital funding has been received from the DfE for utilisation on building improvements and refurbishments. This funding is expected to be utilised on work to provide additional classroom space at the Academy. This work is to be completed early in the year ended 31 August 2012.

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2011 £
Tangible fixed assets	-	-	-	-
Current assets	1,694,929	273,235	-	1,968,164
Current liabilities	(939,214)	-	-	(939,214)
Pension liability	-	(555,000)	-	(555,000)
Total net assets	755,715	(281,765)	-	473,950

19 CAPITAL COMMITMENTS

	Total 2011 £
Contracted for but not provided for in the financial statements	11,000
	<u>11,000</u>

20 OPERATING LEASES

At 31 August the Academy Trust had annual commitments under non-cancellable operating leases as follows

	2011 £
Land and buildings	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	346,924
	<u>346,924</u>

21 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members

THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

22 RELATED PARTY TRANSACTIONS

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

23 CONTINGENT LIABILITIES

In the event that during the period of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes.

24 MEMBERS LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for debts and liabilities contracted before he/she ceases to be a member.

25a RECONCILIATION OF OPERATING SURPLUS AND NET CASHFLOW FROM OPERATING ACTIVITIES

	2011 £
Operating surplus	464,950
Cash impact of transfer on conversion	(35,801)
Interest payable and similar charges	383
Interest receivable	(409)
FRS 17 pension finance cost	16,000
FRS 17 pension cost less contributions payable	(9,000)
FRS 17 deficit on conversion	557,000
Increase in stocks	(14,153)
Increase in debtors	(1,046,021)
Increase in creditors	939,214
	<u>872,163</u>

25b CASH TRANSFERRED ON CONVERSION TO AN ACADEMY

Cash balance transferred on conversion (note 26)	<u>35,801</u>
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THE ACADEMY AT SHOTTON HALL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2011

26 CONVERSION TO ACADEMY TRUST

On 1 February Shotton Hall School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Academy at Shotton Hall Limited from the Durham Local Authority for £nil consideration

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Voluntary income analysis:

	TOTAL	Unrestricted	Restricted	Restricted
	£	Funds	General	Fixed Asset
		£	Fund	Funds
			£	£
School funds	35,801	35,801	-	-
School budget surplus from Durham Local Authority	594,432	594,432	-	-
LGPS pension deficit	(557,000)	-	(557,000)	-
Net assets	<u>73,233</u>	<u>630,233</u>	<u>(557,000)</u>	<u>-</u>

The above net assets include £35,801 that was transferred as cash