

REGISTERED COMPANY NUMBER: 07539918 (England and Wales)

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

	Page
Reference and Administrative Details	1
Report of the Governors	2-6
Governance Statement	7-9
Statement on Regularity, Propriety and Compliance	10
Statement of Governors' Responsibilities	11
Independent Auditor's Reports	12-14
Statement of Financial Activities (incorporating an Income and Expenditure Account and a Statement of Total Recognised Gains and Losses)	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Cash Flow Statement	18
Notes to the Financial Statements	19-39

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2012

Registered Company number
07539918 (England and Wales)

Registered office
Sir Roger Manwood School
Manwood Road
Sandwich
Kent
CT13 9JX

Governors

Miss S Baker
Mrs J S Bodycomb
Mrs C R Daniels
Mr M Dyer * - appointed 14 November 2011
Mrs C M Everard
Mr D Fuller *
Mrs M L Goringe
Mr B Griffiths
Mr A J Kilbee
Reverend M Roberts
Mrs J C Rosso
Mrs C S Sinnett-Smith
Dr A Weatherley (Chairperson)
Mr J R Williams
Mr J Boyes
Mr J D Bradley *
Ms A Pujadas-Telmon
Mr M Waite *
Mr C Morgan * (Headteacher & Accounting Officer)

* Members of the Finance Committee

Company Secretary

Mr S Farrer

Senior Management Team

Mr C Morgan	Headteacher/ Accounting Officer
Ms Buchanan	Deputy Headteacher
Mr Thompson	Deputy Headteacher
Mr S Farrer	Business Manager

Auditors

Clair Rayner ACA DChA (Senior Statutory Auditor)
McCabe Ford Williams
Statutory Auditors and
Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Bankers

National Westminster Bank PLC, 21 Market Street, Sandwich, Kent, CT13 9DD.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2012

The Governors present their annual report together with the financial statements and auditors' report of the company for the year ended 31 August 2012.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors act as the Trustees for the activities of Sir Roger Manwood's School and are also the Directors of the company for the purposes of company law.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

Subject to the provisions of the Companies Act 2006, every Governor, officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Principal Activities

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

Method of Recruitment and Appointment or Election of Governors

The Governing Body may appoint up to four Community Governors and the Local Community Governor. They may also appoint staff Governors through such a 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.

Foundation Governors are appointed on the following basis:

- two shall be appointed by The Lord Warden of the Cinque Ports;
- one shall be appointed by The Master and Fellow of Gonville and Caius College, Cambridge;
- one shall be appointed by The Rector of Lincoln College, Oxford, and;
- one shall be appointed by Canterbury Diocesan Board of Education, on behalf of the Archbishop of Canterbury.

The Principal shall be treated for all purposes as being an ex officio Governor.

The Parent Governors shall be 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 of their election. The Governing Body shall make all necessary arrangements for and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as candidate, and vote at the election, and given an opportunity to do so.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Method of Recruitment and Appointment or Election of Governors - continued

In appointing a Parent Governor, the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Staff Governors shall be elected by a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Headteacher). All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Governors. If a Staff Governor ceases to work at the Academy then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot.

The first Parent Governors and Staff Governors shall be those people who filled those positions on the Governing Body of the predecessor Sir Roger Manwood's School at its closure (provided they remain eligible) who shall become Governors on the opening of the Academy as Parent or Staff Governors for the remainder of the terms of office for which they were elected to the predecessor Governing Body.

The Governors may appoint up to three co-opted Governors. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Headteacher).

The Secretary of State may appoint Additional Governors as he thinks fit if a warning notice has been given to the Governors because the standards of performance are unacceptably low, there is a serious breakdown in the way the Academy is managed and the safety of staff and pupils is threatened and following this, the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint Additional Governors following an inspection by the Chief Inspector in accordance with the Education Act 2005 the Academy Trust receives an Ofsted grading which amounts to a drop, either from one inspection to the next inspection or between any two inspections carried out within a five year period.

The Secretary of State may also appoint Further Governors as he thinks fit if a Special Measures Termination Event occurs.

Policies and Procedures Adopted for the Induction and Training of Governors

The induction provided for new Governors is tailored to their existing experience, with training provided on charity, educational, legal and financial matters as necessary. Copies of the policies, procedures, minutes, accounts, budget, plans and any other necessary documents that they will need to undertake their role as a Governor will be made available.

Ongoing training is available through Kent County Council Governor Services. They provide an annual calendar of training events in addition to online training that all Governors can access. Training sessions for all Governors are arranged at the School on appropriate topics, usually once per year.

Organisational Structure

The Governors are responsible for the strategic direction of the School, making major decisions and monitoring the activities of the School. This is achieved through three meetings a year of the Full Governing Body and meetings of Committees set up to look at specific areas of the School's activities. The Governors are responsible for monitoring the performance of the Headteacher on a regular basis.

The Headteacher is assisted by two Deputy Headteachers and two Assistant Headteachers. The organisational structure cascades via Senior Leaders and Middle Managers that includes the School Business Manager, Heads of Department and Heads of Year.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT- continued

Risk Management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the delivery of the curriculum, provision of facilities, Health & Safety and other operational areas and its finances.

Risks that have been considered over the current period have included the potential effect of the closure of the nearby Pfizer Site, the potential changes to funding over the next few years and the loss of capital investment due to the cancellation of the Building Schools for the Future Programme.

Measures are in place through policies and procedures to minimise those risks that can be quantified. Appropriate insurances are also in place.

Connected Organisations, including Related Party Relationships

The School has no subsidiaries and is not connected to any other organisation.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The School's object is to advance for the public benefit education in the Sandwich area of Kent, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a selective school offering a broad and balanced curriculum.

The School aims to:

Ensure that the School's curriculum continues to meet the needs of its students, and staff continue to aspire to the highest standards of teaching and learning in its delivery.

Continually review the curriculum and its delivery in order to ensure that it meets the needs of its students, encourages high aspirations and enables them to fulfil their potential.

Provide excellent CPD opportunities for all staff.

Further develop the use of ICT in school to support teaching and learning and administration within school.

Continue to develop the PSHCEE provision with particular focus on health, sex, drugs, life skills and citizenship education.

Continue to ensure that the advice and information made available at different times to students regarding choice of courses in school, the UCAS process and choice of degree course and Higher education Institutions, and the careers opportunities available after school and university, is of high quality and meets the students' needs.

Maintain where possible the benefits resulting from our Specialisms in school in the light of the changing approach from government and possible reduced funding.

To respond to any opportunities arising from the changed political climate with the advent of the new Coalition government and our new Academy Status.

To prepare for a successful Ofsted inspection in 2012-13.

Objectives, Strategies and Activities

The School has worked hard to achieve its aims and the Governors have been kept informed through the work of the committees and reporting to the Full Governing Body.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2012

OBJECTIVES AND ACTIVITIES - continued

Objectives, Strategies and Activities - continued

It is considered that the current curriculum mix is appropriate for the vast majority of students.

Performance Management procedures continue for both teaching and support staff. A programme of in house CPD is offered as well as opportunities for attendance at external programmes. The School recognises the importance of CPD.

Significant strides in the ICT infrastructure have been made over the past year with the whole school being wi-fi enabled. In addition PC's, laptops and software have been replaced and updated.

A programme for the delivery of PSHCEE continues to be developed to ensure key areas are covered in the relevant years.

The School has worked hard to ensure that advice and information is copious and high quality regarding subject choice and onward progression.

The School has sought to maintain the many positive contributions made to the life of the school through its specialisms.

The Ofsted inspection was a great success, with the school being judged as 'outstanding' in all areas of the day school.

The School has an equally important busy extra-curricular life.

Public Benefit

The Governors confirm that they have complied with the duties in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance in the Charity Commissions 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 public benefit of Sir Roger Manwood's School is the advancement of education within the local community.

ACHIEVEMENTS AND PERFORMANCE

The School had 898 students on roll and this included 55 boarders.

In 2012 the school set a new record at A' level. The overall pass rate was 99.5% and 71% of all exams taken were passed at the top grades of A*, A and B. At GCSE the school achieved another record with the average point score per candidate set at 550; this equates to an average of more than 10 grade A passes per student. 47% of all exams taken were passed at A* and A. This placed the school 126th in the Sunday Times Top 200 state schools' list.

Going Concern

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

FINANCIAL REVIEW

The Academy's accounting period covers a twelve month trading period from 1 September 2011 to 31 August 2012.

The majority of the School's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed assets fund.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2012

FINANCIAL REVIEW - continued

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned

The School is in its second year of operation having taken over the previous educational activity of Sir Roger Manwood's School operating as a Foundation School, and has made investment that includes acquiring the fixed assets of the predecessor Foundation School.

The School has also received income in respect of its boarding facility and lettings.

Funds in Deficit

The LGPS is stated in the accounts to be in deficit in the sum of £682,000 as at the balance sheet date (2011: £500,000). It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy's budgets for the year ended 31 August 2013.

Financial and Risk Management Objectives and Policies

The future financial and risk management objectives for the Academy include:

- Ensuring that the impact from the current tightening of funding in the public sector is fully taken in to consideration when decisions about future spending are taken.

Principal Risks and Uncertainties

The principal risk and uncertainty in respect of the School relates to the future funding available. The School mitigates this risk as far as possible by preparing budgets which are reviewed by the Governors to ensure that the level of anticipated funding is sufficient to meet the requirements of the School. Any shortfall identified is considered by the Governors and remedial action taken with a view to balancing the budget.

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments of the School, including future capital projects, and the nature of the reserves. The Governors keep the level of the reserves under review.

Investment Policy

The School is limited to the amount of reserves that it is able to hold and in general these need to be readily accessible. The practice is, therefore, to keep any reserves in an interest bearing bank account.

Plans for Future Periods

The School seeks continuous improvement in its provision of education and a similar improvement in its fixed assets and its resources.

Funds held as Custodian Trustee on behalf of others

The Governors hold no funds as custodian trustee.


Auditors

In so far as the Governors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the members of the Governing Body on 26 November 2012 and signed on its behalf by:

Dr A Weatherley
Chair



GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sir Roger Manwood's School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The governing body has formally met 3 times during the year ended 31 August 2012. Attendance during this period at meetings of the Governing Body was as shown in the table on page 9.

The Governing body operates five committees that take responsibility for particular areas of governance. The table above shows the Governor representation on each of the committees and their attendance at committee meetings. Each committee feeds into the Full Governing Body at each of the meetings of the Full Governing Body.

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 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 Sir Roger Manwood's School for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed T Mills, an external sufficiently qualified individual, 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.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

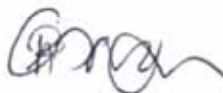
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 26 November 2012 and signed on its behalf by:

Dr A Weatherley
Chair



Mr C Morgan
Accounting Officer



GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

Governance continued

	FGB			Finance						Pay & Personnel					Curriculum & Pupil Welfare				Buildings & Grounds			Boarding		
	11/10/11	23/03/12	19/06/12	03/10/11	21/11/01	16/01/12	03/03/12	14/05/12	16/07/12	28/09/11	08/11/12	21/01/12	23/03/12	22/05/12	13/09/11	16/11/11	29/02/12	15/05/12	20/09/11	10/11/11	26/01/12	21/09/11	18/01/11	10/05/12
Dr A Weatherley (Chair)	✓	✓	×												×		✓	×				✓	×	×
Rev'd Canon M Roberts (Vice Chair)	✓	✓	✓																			✓	✓	✓
Mr J Bradley	✓	✓	✓	×	✓	×	×	×	×												×	✓	✓	✓
Mrs L Goringe	✓	✓	✓											×							✓	✓	✓	✓
Mr A J Kilbee	×	✓	✓							×	✓	✓	✓								✓	✓	✓	✓
Ms S Baker	✓	✓	✓												✓									
Mrs R Daniels	✓	✓	✓																					
Mrs C Everard	✓	✓	✓												✓		✓	✓						
Dr C Ewen	✓	✓	✓							×	✓	✓		×										
Mrs C Sinett-Smith	✓	✓	✓												✓		✓	✓		✓	✓			
Mr J Boyes	✓	×	✓												×	×	✓	✓						
Mr M Dyer (Elected 14/11/11)		✓	×		✓	✓	✓	✓	✓															
Mr D Fuller	✓	✓	✓	✓	✓	✓	✓	✓	✓															
Mrs S Bodycomb	×	✓	✓							×	×	✓	✓	×	×	×	×	×						
Mrs J Rosso	✓	✓	×							✓	✓	✓	✓	✓	✓	✓	✓	×						
Mr M Waite	✓	✓	×	×	✓	×	×	✓	×	✓	×	×	×	×										
Mr B Griffiths	✓	×	×							✓	✓	×	×	×							×	✓	✓	✓
Ms A Pujadas-Telmon	✓	✓	✓							✓	✓	✓	✓	✓								✓	✓	✓
Mr J Williams	✓	✓	✓							✓	✓	✓	✓	✓							×			
Mr C Morgan (Headteacher)	✓	✓	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

i Excluded from meeting as Staff Governor and meeting was held to discuss staff performance and salaries.

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2012

As Accounting Officer of Sir Roger Manwood's School I have considered my responsibility to notify the academy trust's Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust's Governing Body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Mr C Morgan
Accounting Officer



Date: 26 November 2012

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

The Governors (who act as Trustees for the activities of Sir Roger Manwood's School and are also the Directors of the company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the year. 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 company will continue in business.

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

The Governors are responsible for ensuring that in its conduct and operation the academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Governors are aware:

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 26 November 2012 and signed on its behalf by:

Dr A Weatherley
Chair



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of Sir Roger Manwood's School for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Young People's Learning Agency/Education Funding Agency.

This report is made solely to the 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 company's Governors 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 company and the company's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Governors' Responsibilities set out on page eleven; the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2012 and of its surplus for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Annual Accounts Direction 2011/12 issued by the Young People's Learning Agency/Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors 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
SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

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

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

Clair Rayner ACA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE



Date: 26 November 2012

**INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY
OF SIR ROGER MANWOOD'S SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 31 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sir Roger Manwood's School during the year ended 31 August 2012 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Sir Roger Manwood's School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sir Roger Manwood's School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sir Roger Manwood's School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of Sir Roger Manwood's School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Sir Roger Manwood's School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook as published by the Department of Education and Skills (DfES) in 2006, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. We have included in our examination testing a sample of:

- Payments to staff;
- Payments to suppliers and other third parties;
- Grant and other income streams.

We have reviewed the most recent Financial Management and Governance Evaluation self assessment return prepared by the Academy and made enquiries of the Accounting Officer thereon. We have reviewed minutes and other evidence made available to us, relevant to our consideration of regularity.

Conclusion

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

Clair Rayner ACA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE



Date: 26 November 2012

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND
A STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
FOR THE YEAR ENDED 31 AUGUST 2012

					Period 23.2.11 to 31.08.11 Total Funds as restated £
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.12 Total Funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	4	26,345	16,580	-	42,925
Activities for generating funds	5	273,006	216,005	-	489,011
Investment income	6	5,410	-	-	5,410
Incoming resources from charitable activities					
Funding for the Academy's educational operations	7	-	4,646,109	152,557	4,798,666
Provision of boarding activities	27	684,994	-	-	684,994
Other incoming resources		-	-	-	-
Total incoming resources		989,755	4,878,694	152,557	6,021,006
RESOURCES EXPENDED					
Cost of generating funds					
Fundraising trading	9	199,268	285,928	-	485,196
Charitable activities					
Academy's educational operations	10	-	4,777,702	319,288	5,096,990
Provision of boarding activities	27	662,497	-	-	662,497
Governance costs	11	-	10,700	-	10,700
Total resources expended	8	861,765	5,074,330	319,288	6,255,383
Net incoming/ (outgoing) resources before transfers		127,990	(195,636)	(166,731)	(234,377)
Gross transfers between funds	21	(47,052)	182,075	(135,023)	-
Net income/(expenditure) for the year before other recognised gains and losses		80,938	(13,561)	(301,754)	(234,377)
Other recognised gains/losses					
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(168,000)	-	(168,000)
Net movement in funds		80,938	(181,561)	(301,754)	(402,377)
RECONCILIATION OF FUNDS					
As previously reported		327,756	(404,238)	25,779,565	25,703,083
Prior year adjustment	15	-	-	(11,193,542)	(11,193,542)
		327,756	(404,238)	14,586,023	14,509,541
TOTAL FUNDS CARRIED FORWARD		408,694	(585,799)	14,284,269	14,107,164

All of the Academy's activities derive from continuing operations during the above financial period.
A separate Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes form part of these financial statements

BALANCE SHEET
AS AT 31 AUGUST 2012

		31.08.12	31.08.12	31.08.11 as restated	31.08.11 as restated
		£	£	£	£
	Notes				
FIXED ASSETS					
Tangible assets	16		14,230,306		14,478,773
CURRENT ASSETS					
Stocks	17	1,468		1,970	
Debtors: amounts falling due within one year	18	149,677		161,707	
Cash at bank and in hand		988,133		926,574	
		<u>1,139,278</u>		<u>1,090,251</u>	
CREDITORS					
Amounts falling due within one year	19	<u>(580,420)</u>		<u>(559,483)</u>	
NET CURRENT ASSETS			<u>558,858</u>		<u>530,768</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,789,164		15,009,541
NET ASSETS EXCLUDING PENSION LIABILITY			14,789,164		15,009,541
Pension scheme liability	25		<u>(682,000)</u>		<u>(500,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>14,107,164</u>		<u>14,509,541</u>
FUNDS OF THE ACADEMY:					
RESTRICTED FUNDS					
Fixed asset funds	21	14,284,269		14,586,023	
General funds	21	96,201		95,762	
Pension fund	21	<u>(682,000)</u>		<u>(500,000)</u>	
TOTAL RESTRICTED FUNDS			13,698,470		14,181,785
UNRESTRICTED FUNDS					
General funds	21	<u>408,694</u>		<u>327,756</u>	
TOTAL UNRESTRICTED FUNDS			<u>408,694</u>		<u>327,756</u>
TOTAL FUNDS			<u>14,107,164</u>		<u>14,509,541</u>

The financial statements on pages fifteen to thirty nine were approved by the Governors, and authorised for issue on 26 November 2012 and signed on their behalf by:

Dr A Weatherley
Chair
Company Registered Number: 07539918



SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

		31.08.12	Period 23.2.11 to 31.08.11 as restated
	Notes	£	£
Net cash inflow from operating activities	1	148,558	554,510
Cash transferred on conversion to an academy trust	1	-	343,976
Returns on investments and servicing of finance	2	5,410	78
Capital expenditure and financial investment	2	(45,821)	(61,229)
		<hr/>	<hr/>
Increase/(decrease) in cash in the period		<u>108,147</u>	<u>837,365</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds/debt	3		
Increase in cash in the period		108,147	837,365
Net funds at 1 September 2011		<u>837,365</u>	<u>-</u>
Net funds at 31 August 2012		<u>945,512</u>	<u>837,365</u>

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

1. RECONCILIATION OF NET (OUTGOING)/INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.08.12	Period 23.2.11 to 31.08.11 as restated £
Net (outgoing)/incoming resources	(234,377)	14,454,541
School buildings transfer included within donations	-	(14,449,437)
Other donated fixed assets included within donations	-	(109,950)
Inherited pension scheme liability included within donations	-	543,000
Cash transferred on conversion to an academy trust	-	(343,976)
Depreciation charges (note 16)	319,288	141,243
Loss on disposal of fixed assets	-	600
Interest received (note 6)	(5,410)	(78)
FRS 17 pension cost less contributions payable (note 25)	(10,000)	(1,000)
FRS 17 pension finance costs (note 25)	24,000	13,000
Decrease/(increase) in stocks	502	(1,970)
Decrease/(increase) in debtors	12,030	(161,707)
Increase in creditors	67,525	470,274
Woolfson grant	(25,000)	-
Net cash inflow from operating activities	148,558	554,510

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.08.12	Period 23.2.11 to 31.08.11 as restated £
Returns on investments and servicing of finance	£	£
Interest received	5,410	78
Net cash inflow for returns on investments and servicing of finance	5,410	78
Capital expenditure and financial investment		
Woolfson grant	25,000	-
Purchase of tangible fixed assets	(70,821)	(67,979)
Receipts from sale of tangible fixed assets	-	6,750
Net cash outflow for capital expenditure and financial investment	(45,821)	(61,229)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 01.09.11 £	Cash flow £	At 31.08.12 £
Net cash:			
Cash at bank and in hand	926,574	61,558	988,132
Bank overdraft	(89,209)	46,589	(42,620)
Total	837,365	108,147	945,512

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

1. ACCOUNTING POLICIES

Basis of preparation

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

Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. Sir Roger Manwood's School holds significant reserves and has significant cash balances. The Academy is oversubscribed and produces its annual budgets with prudent figures for both income and expenditure. For this reason the Governors continue to adopt the going concern basis in preparing the financial statements.

Incoming resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. Certain incoming resources are received in advance of the provision of the relevant service and as such are deferred until the service commences. Some services are provided in advance of the income being received and as such the income is accrued until it is received and recognised in the statement of financial activities.

Grants receivable

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

Donations

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

Other income

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

Donated services and gifts in kind

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

Property transferred upon conversion to an Academy

Upon becoming an Academy, the Academy Trust received title to the freehold of the school buildings for no consideration. The freehold property was valued based on the insurance rebuild cost and this was brought into the restricted fixed asset fund as a donation within the Statement of Financial Activities. The freehold land and buildings have since been valued by an independent professional valuer (the Education Funding Agency) on 31 August 2012. As the school is a specialised property the valuation has been assessed on a depreciated replacement cost basis after allowance for factors of age and obsolescence.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES - continued

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs. All resources expended are inclusive of irrecoverable VAT.

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

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

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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 estimated useful life, as follows:

Freehold property	- straight line over 50 years
School equipment	- straight line over 5 years
Fixtures and fittings	- straight line over 5 years
Motor vehicles	- straight line over 5 years
Computer equipment	- straight line over 3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES - continued

Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Stock

Catering stocks are valued at the lower of cost and net realisable value, on a first in first out basis, after making due allowance for obsolete and slow moving items.

Taxation

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

Pensions benefits

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

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 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 quadrennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Young People's Learning Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Young People's Learning Agency and Kent County Council.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

2. GENERAL ANNUAL GRANT (GAG)

a. Results and carry forward for the Year

	31.08.12	Period 23.2.11 to 31.08.11 as restated £
GAG brought forward from previous year	29,563	-
Add: GAG allocation for current year	4,521,550	2,076,985
Total GAG available to spend	4,551,113	2,076,985
Less: Recurrent expenditure from GAG	(4,469,683)	(2,037,386)
Less: Capital expenditure from GAG	-	(10,036)
Less: Other expenditure transferred from GAG fund	(59,545)	-
GAG carried forward to next year	21,885	29,563
Less: Maximum permitted GAG carried forward at end of current year (12% of allocation of current year)	(542,586)	(249,238)
GAG to surrender to DfE (12% rule breached if rule is positive)	(520,701)	(219,675)
	no breach	no breach

The number of pupils used to calculate the GAG income for the year ended 31 August 2012 was 915 and this was taken from the 2011 Spring Census in accordance with the Funding Agreement. The number of pupils declared in the 2012 Spring Census was 902. As both numbers are more than 90% of the planned final size of the Academy of 920, there will be no claw back of the grant in accordance with the Funding Agreement.

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)

	31.08.12	Period 23.2.11 to 31.08.11 as restated £
Recurrent expenditure from GAG in current year	4,469,683	2,037,386
GAG allocation for current year	(4,521,550)	(2,076,985)
GAG allocation for the previous year x 2%	(41,540)	-
GAG brought forward from previous year in excess of 2% used on recurrent expenditure in current year (2% rule breached if result is positive)	(93,407)	(39,599)
	no breach	no breach

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

3. DEFERRED INCOME

	31.08.12	31.08.11 as restated
	£	£
Deferred income brought forward	163,554	-
Resources deferred in the period	188,228	163,554
Amounts released from previous periods	(163,554)	-
Deferred income at 31 August	<u>188,228</u>	<u>163,554</u>

4. VOLUNTARY INCOME

	Unrestricted Funds	Restricted Funds	31.08.12 Total Funds	Period 23.2.11 to 31.08.11 Total Funds as restated
	£	£	£	£
Capital donations	-	-	-	14,047,362
Other donations	26,345	16,580	42,925	362,344
	<u>26,345</u>	<u>16,580</u>	<u>42,925</u>	<u>14,409,706</u>

5. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Restricted Funds	31.08.12 Total Funds	Period 23.2.11 to 31.08.11 Total Funds as restated
	£	£	£	£
School trip income	26,374	216,005	242,379	103,352
Lettings	22,010	-	22,010	27,355
Student resales	31,741	-	31,741	9,789
Catering	126,299	-	126,299	44,107
Other income	66,582	-	66,582	-
	<u>273,006</u>	<u>216,005</u>	<u>489,011</u>	<u>184,603</u>

6. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	31.08.12 Total Funds	Period 23.2.11 to 31.08.11 Total Funds as restated
	£	£	£	£
Deposit account interest	5,410	-	5,410	78
	<u>5,410</u>	<u>-</u>	<u>5,410</u>	<u>78</u>

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

7. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	31.08.12 Total Funds	Period 23.2.11 to 31.08.11 Total Funds as restated
	£	£	£	£
DfE/YPLA/EFA CAPITAL GRANT				
YPLA/EFA capital grant	-	20,301	20,301	20,217
Annual Capital Maintenance Fund	-	107,256	107,256	107,250
Wolfson grant	-	25,000	25,000	-
	-	152,557	152,557	127,467
DfE/YPLA/EFA REVENUE GRANTS				
General Annual Grant (GAG) (note 2)	-	4,521,550	4,521,550	2,035,091
Other DfE/YPLA/EFA grants	-	43,390	43,390	277,985
	-	4,564,940	4,564,940	2,313,076
OTHER GOVERNMENT GRANTS				
Pupil premium	-	11,852	11,852	3,870
Bursary fund	-	11,974	11,974	12,540
AST and high needs	-	15,106	15,106	12,000
Music grant	-	21,300	21,300	1,000
PE teachers grant	-	7,600	7,600	-
Comenius fund	-	13,337	13,337	-
	-	81,169	81,169	29,410
	-	4,798,666	4,798,666	2,469,953

8. RESOURCES EXPENDED

	Staff Costs	Premises Costs	Other Costs	31.08.12 Total	Period 23.2.11 to 31.08.11 Total as restated
	£	£	£	£	£
Costs of activities for generating funds	79,472	14,017	391,707	485,196	125,832
<i>Academy's educational operations</i>					
Direct costs	3,319,277	260,017	873,794	4,453,088	2,194,131
Allocated support costs	178,947	255,139	209,816	643,902	254,099
Costs of boarding	239,580	90,223	332,694	662,497	220,976
	3,737,804	605,379	1,416,304	5,759,487	2,669,206
Governance costs including allocated support costs	-	-	10,700	10,700	8,500
	3,817,276	619,396	1,818,711	6,255,383	2,803,538

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

8. RESOURCES EXPENDED - continued

Incoming/outgoing resources for the year include:

	31.08.12	Period 23.2.11 to 31.08.11 as restated
	£	£
Auditors' remuneration	7,500	7,500
Auditors' remuneration for non-audit work	3,200	1,000
Depreciation – owned assets	319,288	141,242
Profit/(loss) on disposal of fixed assets	-	600

9. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Restricted Funds	31.08.12 Total Funds	Period 12.08.10 to 31.08.11 Total Funds As restated
	£	£	£	£
Opening stock	1,970	-	1,970	-
Catering	81,764	-	81,764	-
School trips etc	17,037	285,928	302,965	79,366
Closing stock	(1,468)	-	(1,468)	(1,970)
Staff costs	79,472	-	79,472	11,496
Utilities	5,061	-	5,061	13,510
Repairs and maintenance	8,956	-	8,956	20,352
Cleaning	4,266	-	4,266	-
Other costs	2,210	-	2,210	3,078
	<u>199,268</u>	<u>285,928</u>	<u>485,196</u>	<u>125,832</u>

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

10. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	31.08.12 Total	Period 23.2.11 to 31.08.11 Total as restated
	£	£	£	£
Direct costs				
Teaching and educational support staff costs	-	3,319,277	3,319,277	1,669,861
Premises expenses	-	260,017	260,017	113,532
Depreciation	-	319,288	319,288	141,242
Educational supplies	-	200,974	200,974	77,699
Examination fees	-	109,417	109,417	75,830
Staff development	-	11,514	11,514	5,600
Other direct costs	-	232,601	232,601	110,367
	-	4,453,088	4,453,088	2,194,131
Allocated support costs				
Support staff costs	-	178,947	178,947	129,582
Recruitment and support	-	4,619	4,619	6,745
Maintenance of premises and equipment	-	247,672	247,672	10,812
Professional fees	-	24,995	24,995	25,749
Cleaning	-	6,293	6,293	3,212
Rates and water	-	2,058	2,058	1,548
Insurance	-	35,061	35,061	24,593
Light and heat	-	5,409	5,409	2,738
Hire of equipment	-	22,165	22,165	11,751
Bank interest and charges	-	1,944	1,944	520
FRS17 interest less expected return on assets	-	24,000	24,000	13,000
Other support costs	-	90,739	90,739	23,849
	-	643,902	643,902	254,099
	-	5,096,990	5,096,990	2,448,230

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

11. GOVERNANCE COSTS

	Unrestricted Funds	Restricted Funds	31.08.12 Total	Period 23.2.11 to 31.08.11 Total as restated
	£	£	£	£
Auditor's remuneration				
Audit of financial statements	-	7,500	7,500	7,500
Accounts preparation	-	1,000	1,000	1,000
Audit of pension certificate	-	250	250	-
Other accountancy related services	-	700	700	-
Over provision	-	1,250	1,250	-
	<u>-</u>	<u>10,700</u>	<u>10,700</u>	<u>8,500</u>

12. STAFF COSTS

Staff costs during the period were:

	31.08.12	Period 23.2.11 to 31.08.11 as restated
	£	£
Wages and salaries	3,140,664	1,576,033
Social security costs	239,500	119,844
Pension costs	435,062	214,763
	<u>3,815,226</u>	<u>1,910,640</u>
Supply teacher costs	<u>2,050</u>	<u>2,469</u>
	<u>3,817,276</u>	<u>1,913,109</u>

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

	31.08.12	Period 23.2.11 to 31.08.11
Charitable activities		
Teachers and educational support	101	101
Administration and support	24	24
Management	<u>3</u>	<u>3</u>
	<u>128</u>	<u>128</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

12. STAFF COSTS - continued

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

	31.08.12	Period 23.2.11 to 31.08.11
Charitable activities		
Teachers and educational support	70	73
Administration and support	24	24
Management	<u>3</u>	<u>3</u>
	<u>97</u>	<u>100</u>

The number of employees whose emoluments fell within the following bands above £60,000 was:

	31.08.12	Period 23.2.11 to 31.08.11
£60,001 - £70,000	2	2
£80,001 - £90,000	<u>1</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £31,491 (2011: £15,393).

13. GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of the Headteacher's remuneration was £98,543 (6 month period 2011: £49,271). This value includes employer pension contributions made during the period.

The value of Staff Governor's remuneration, including employer pension contributions was £100,639 (6 month period 2011: £45,509).

During the year ended 31 August 2012, travel and subsistence expenses totalling £1,353 (2011: £721) were reimbursed to 2 (2011: 3) Governors.

Related party transactions involving the Governors are set out in note 26.

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

15. PRIOR YEAR ADJUSTMENT

At 31 August 2012 a formal valuation of the property that was transferred upon conversion to the academy trust was carried out by an independent valuer.

In accordance with accounting standards the school building is considered to be a specialised property and consequently should be valued at its depreciated replacement cost. In the previous period a formal valuation had not been undertaken, therefore the property was valued at the insurance rebuild cost. Accordingly a prior year adjustment has been made to reflect the appropriate valuation method.

In the prior period the deficit in respect of the LGPS was transferred to the academy from the local authority. This deficit was shown separately in the academy's accounts. In accordance with FRS 6 the donation from the local authority which included the property, other assets and the deficit on the LGPS should have been aggregated and treated as a net donation. The comparative figures have been restated to reflect this.

16. TANGIBLE FIXED ASSETS

	Freehold Property £	School Equipment £	Fixtures and Fittings £	Motor Vehicles £	Computer Equipment £	Totals £
COST						
At 1 September 2011	14,449,437	57,943	13,000	47,381	52,255	14,620,016
Additions	-	-	2,017	-	68,804	70,821
At 31 August 2012	<u>14,449,437</u>	<u>57,943</u>	<u>15,017</u>	<u>47,381</u>	<u>121,059</u>	<u>14,690,837</u>
DEPRECIATION						
At 1 September 2011	127,551	5,585	1,300	3,707	3,100	141,243
Charge for year	<u>255,103</u>	<u>11,588</u>	<u>2,768</u>	<u>9,476</u>	<u>40,353</u>	<u>319,288</u>
At 31 August 2012	<u>382,654</u>	<u>17,173</u>	<u>4,068</u>	<u>13,183</u>	<u>43,453</u>	<u>460,531</u>
At 31 August 2012	<u>14,066,783</u>	<u>40,770</u>	<u>10,949</u>	<u>34,198</u>	<u>77,606</u>	<u>14,230,306</u>
At 31 August 2011	<u>14,321,886</u>	<u>52,358</u>	<u>11,700</u>	<u>43,674</u>	<u>49,155</u>	<u>14,478,773</u>

Included in cost or valuation of land and buildings is freehold land of £1,694,337 which is not depreciated.

17. STOCKS

	31.08.12	31.08.11 as restated
	£	£
Catering	<u>1,468</u>	<u>1,970</u>

SIR ROGER MANWOOD'S SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

18. DEBTORS

	31.08.12	31.08.11 as restated
	£	£
Trade debtors	88,600	83,168
VAT	36,181	53,960
Prepayments and accrued income	24,896	24,579
	<u>149,677</u>	<u>161,707</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.08.12	31.08.11 as restated
	£	£
Bank loans and overdrafts (note 20)	42,620	89,209
Trade creditors	116,678	86,404
Social security and other taxes	128,171	127,390
Other creditors	-	71,944
Accrued expenses and deferred income (note 3)	292,951	184,536
	<u>580,420</u>	<u>559,483</u>

20. LOANS

An analysis of the maturity of loans is given below:

	31.08.12	31.08.11 as restated
	£	£
Amounts falling due within one year on demand:		
Bank overdraft	<u>42,620</u>	<u>89,209</u>

The bank overdraft at the year end is represented by a bank balance of £10,000 and outstanding cheques of £52,620. These amounts combined show an overdrawn bank balance at the year end. No bank account operated by the Academy has been overdrawn during the year under review. The overdrawn balance is a book balance and the bank sweep facility ensures cleared funds are available to cover unrepresented cheques.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

21. FUNDS

	At 1.9.11 £	Prior year adjustment £	Net movement in funds £	Transfers between funds £	At 31.8.12 £
Restricted general funds					
General Annual Grant (GAG)	29,563	-	51,867	(59,545)	21,885
School Voluntary Fund	66,199	-	(53,343)	23,293	36,149
Other grants	-	-	25,897	12,270	38,167
Annual Capital Maintenance Fund	-	-	(206,057)	206,057	-
Pension reserve	(500,000)	-	(182,000)	-	(682,000)
	<u>(404,238)</u>	<u>-</u>	<u>(363,636)</u>	<u>182,075</u>	<u>(585,799)</u>
Restricted fixed asset funds					
Transfer of property	25,515,428	(11,193,542)	(255,103)	-	14,066,783
Other assets	96,690	-	(39,185)	106,016	163,521
Devolved capital expenditure	60,197	-	20,301	(26,533)	53,965
Annual Capital Maintenance Fund	107,250	-	107,256	(214,506)	-
	<u>25,779,565</u>	<u>(11,193,542)</u>	<u>(166,731)</u>	<u>(135,023)</u>	<u>14,284,269</u>
Total restricted funds	<u>25,375,327</u>	<u>(11,193,542)</u>	<u>(530,367)</u>	<u>47,052</u>	<u>13,698,470</u>
Unrestricted funds					
Unrestricted funds	338,225	-	105,493	(61,801)	381,917
Boarding	(10,469)	-	22,497	14,749	26,777
	<u>327,756</u>	<u>-</u>	<u>127,990</u>	<u>(47,052)</u>	<u>408,694</u>
Total funds	<u>25,703,083</u>	<u>(11,193,542)</u>	<u>(402,377)</u>	<u>-</u>	<u>14,107,164</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

21. FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming Resources £	Resources Expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant (GAG)	4,521,550	(4,469,683)	-	51,867
School Voluntary Fund	232,585	(285,928)	-	(53,343)
Other grants	124,559	(98,662)	-	25,897
ACMF grant	-	(206,057)	-	(206,057)
Pension reserve	-	(14,000)	(168,000)	(182,000)
	<u>4,878,694</u>	<u>(5,074,330)</u>	<u>(168,000)</u>	<u>(363,636)</u>
Restricted fixed asset funds				
Transfer of property	-	(255,103)	-	(255,103)
Other assets	25,000	(64,185)	-	(39,185)
Devolved capital expenditure	20,301	-	-	20,301
Annual Capital Maintenance Fund	107,256	-	-	107,256
	<u>152,557</u>	<u>(319,288)</u>	<u>-</u>	<u>(166,731)</u>
Total restricted funds	<u>5,031,251</u>	<u>(5,393,618)</u>	<u>(168,000)</u>	<u>(530,367)</u>
Unrestricted funds				
Unrestricted funds	304,761	(199,268)	-	105,493
Boarding	684,994	(662,497)	-	22,497
	<u>989,755</u>	<u>(861,765)</u>	<u>-</u>	<u>127,990</u>
Total funds	<u>6,021,006</u>	<u>(6,255,383)</u>	<u>(168,000)</u>	<u>(402,377)</u>

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

General Annual Grant (GAG)

Funds 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 to the next accounting period of which up to 2% can be used for recurrent expenditure, however the balance must be used for capital purposes.

Other restricted general funds

Funding is provided by Government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Restricted fixed asset funds

Funding is provided by way of Government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Academy in achieving its educational objectives.

A one-off transfer of buildings and other fixed assets previously in use by Sir Roger Manwood's School occurred upon conversion to an Academy. This has been revalued during the year.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Academy.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

21. FUNDS - continued

Transfers between funds

During the year, the following transfers have been made:

GAG

£6,300 was transferred from GAG funds to boarding to cover the cost of insurance.

A total of £7,311 was transferred to unrestricted funds from GAG to cover the cost of expenditure including staff insurance.

£12,270 was transferred from GAG to other grants to cover the expenditure associated with the 16-19 bursary fund.

£33,664 was transferred from GAG to restricted fixed asset fund to reflect the devolved capital movement in the year.

Total transfer £59,545.

School Voluntary Fund

An amount of £23,293 was transferred from unrestricted funds to the school voluntary fund during the year to cover the cost of school trips.

Other Grants

£12,270 was transferred from GAG to cover expenditure associated with the 16-19 bursary fund.

Fixed Assets

A total of £214,506 was transferred from restricted fixed asset fund; £206,057 was transferred to restricted general funds to reflect that during the year the Annual Capital Maintenance Fund was spent on the maintenance of the boilers and heating and the remaining £8,449 was transferred to the boarding fund for the same project.

A transfer of £45,819 was made from unrestricted funds to restricted fixed asset fund to demonstrate the unrestricted resources that have been spent on purchasing capital items.

£33,664 was transferred from GAG to restricted fixed asset fund to reflect the devolved capital movement in the year.

Total transfer £135,023.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	14,230,306	14,230,306
Current assets	652,504	432,811	53,963	1,139,278
Current liabilities	(243,810)	(336,610)	-	(580,420)
Pension scheme liability	-	(682,000)	-	(682,000)
	<u>408,694</u>	<u>(585,799)</u>	<u>14,284,269</u>	<u>14,107,164</u>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

23. OPERATING LEASE COMMITMENTS

At 31 August 2012 the Academy had annual commitments under non cancellable operating leases as follows:

	31.08.12	Period 23.2.11 to 31.08.11 as restated
	£	£
Other		
Expiring within one year	11,323	1,222
Expiring within two and five years inclusive	14,026	23,978
	<u>25,349</u>	<u>25,200</u>

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 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.

25. PENSION AND SIMILAR OBLIGATIONS

The Academy'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 Kent County Council. Both are defined-benefit schemes.

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

Contributions amounting to £55,115 (2011: £51,351) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

25. PENSION AND SIMILAR OBLIGATIONS – continued

Teachers' Pension Scheme

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

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 year ended 31 August 2012 was £126,000 (2011: £59,000), of which employer's contributions totalled £100,000 and employees' contributions totalled £26,000 (2011: £47,000 and £12,000).

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

	31.08.12	31.08.11 as restated
Discount rate	3.90%	5.40%
Price increases	1.90%	2.60%
Expected return on scheme assets	5.20%	6.40%
Future salary increases	4.10%	4.90%
Future pension increases	1.90%	2.60%
Commutation of pension to lump sums	50.00%	50.00%

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

25. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme – continued

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

	31.08.12	31.08.11 as restated
Retiring today		
Males	20.0	19.8
Females	24.0	23.9
Retiring in 20 years		
Males	22.0	21.9
Females	25.9	25.8

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	1,128,000	1,158,000	1,189,000
Projected service cost	109,000	113,000	117,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	1,115,000	1,158,000	1,202,000
Projected service cost	108,000	113,000	118,000

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £	Expected return at 31 August 2011	Fair value at 31 August 2011 £
Equities	5.90%	333,000	6.90%	224,000
Gilts	2.80%	5,000	3.80%	3,000
Other bonds	3.90%	62,000	5.40%	43,000
Property	3.90%	48,000	4.90%	28,000
Cash	0.50%	14,000	3.00%	9,000
Target return portfolio	4.40%	14,000	0.00%	-
Total market value of assets		476,000		307,000
Present value of scheme liabilities				
-Funded		(1,158,000)		(807,000)
Surplus/(deficit) in the scheme		(682,000)		(500,000)

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

25. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme – continued

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £42,000 (2011: £2,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	Defined benefit pension plans	Defined benefit pension plans Period 23.2.11 to 31.08.11 as restated
	£	£
Current service cost (net of employee contributions)	90,000	46,000
Total operating charge	90,000	46,000
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	23,000	9,000
Interest on pension liabilities	(47,000)	(22,000)
Pension finance costs	(24,000)	(13,000)

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £113,000 loss (2011: £55,000 gain).

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

	Defined benefit pension plans	Defined benefit pension plans Period 23.2.11 to 31.08.11 as restated
	£	£
Opening defined benefit obligation	807,000	788,000
Current service cost	90,000	46,000
Contributions by scheme participants	26,000	12,000
Interest cost	47,000	22,000
Actuarial losses/(gains)	188,000	(61,000)
	1,158,000	807,000

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

25. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme – continued

Movements in the fair value of Academy's share of scheme assets:

	Defined benefit pension plans 31.08.12	Defined benefit pension plans 31.08.11 as restated
	£	£
Opening fair value of scheme assets	307,000	245,000
Contributions by employer	100,000	47,000
Contributions by scheme participants	26,000	12,000
Expected return	23,000	9,000
Actuarial (losses)/gains	20,000	(6,000)
	<u>476,000</u>	<u>307,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £99,000 (2012: £98,000).

Amounts for the current and previous period are as follows:

	31.08.12	Period 23.2.11 to 31.08.11 as restated
	£	£
Defined benefit pension plans		
Defined benefit obligation	(1,158,000)	(807,000)
Fair value of scheme assets	476,000	307,000
Surplus /(Deficit)	(682,000)	(500,000)
Experience adjustments on scheme assets	20,000	(6,000)
Experience adjustments on scheme liabilities	-	-

26. RELATED PARTY TRANSACTIONS

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

Malcolm Waite Limited – a company which Mr M Waite, a Governor, wholly owns.

Transactions totalling £7,766 (2011: £28,639), relating to the purchase of fuel, vehicle repairs and servicing took place in the period. There was a balance of £57 owed by the academy to the company at the year end (2011: £nil).

Staff Governors, Miss A Pujadas-Telmon and Mr J Williams, were reimbursed £105 (2011: £41) and £1,248 (2011: £654) respectively for travel expenses during the period.

There were no transactions with Mr A Kilbee, a Governor, during the period (2011: £26).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

27. ACADEMY BOARDING TRADING ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2012

	31.08.12	31.08.12	Period 23.2.11 to 31.08.11 as restated	Period 23.2.11 to 31.08.11 as restated
	£	£	£	£
Income				
Donations	-		55,394	
Fee income	683,091		154,657	
Student insurance	1,064		456	
Other income	839		-	
		684,994		210,507
Expenditure				
Direct Costs				
Staff costs	57,646		28,068	
Catering costs	62,432		28,662	
School trip & boarders expenses	222,370		36,040	
Utilities	44,644		10,701	
Total direct costs	387,092		103,471	
Indirect costs				
Staff costs	181,934		74,101	
Telephone	4,939		1,455	
Postage and stationery	846		297	
Insurance	7,530		382	
Motor expenses	1,646		700	
Buildings maintenance	45,579		20,352	
Cleaning	4,163		3,198	
Equipment and IT purchases	17,511		11,712	
Other indirect costs	11,257		5,308	
Total indirect costs	275,405		117,505	
Total operating costs		662,497		220,976
Surplus/(Deficit) on Boarding		22,497		(10,469)
Surplus/(Deficit) brought forward		(10,469)		-
Transfers (to)/from other funds		14,749		-
Surplus/(Deficit) carried forward		26,777		(10,469)

Transfers between funds

£6,300 was transferred from the GAG fund to the boarding fund to cover the costs of insurance related specifically to boarding.

£8,449 was transferred from the annual capital maintenance fund to the boarding fund to cover the costs associated with the heating project.