

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 2013**

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

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

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**FOR THE YEAR ENDED 31 AUGUST 2013**

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

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**Registered Company number**  
07539918 (England and Wales)

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

**Governors**

Miss S Baker  
Mrs J S Bodycomb  
Mr J Boyes  
Mr J D Bradley \*  
Mrs C R Daniels  
Mr M Dyer \*  
Mrs C M Everard  
Dr C Ewen  
Mr D Fuller \*  
Mrs M L Gorringe  
Mr B Griffiths  
Mr L Hunter \* (Headteacher & Accounting Officer) - appointed 1 September 2013  
Mr A J Kilbee  
Mr C Morgan \* (Headteacher & Accounting Officer) - resigned 31 August 2013  
Ms A Pujadas-Telmon (staff)  
Reverend M Roberts  
Mrs J C Rosso  
Mrs C S Sinnett-Smith  
Mr M Waite \*  
Dr A Weatherley (Chairperson)  
Mr J R Williams (staff)

\* Members of the Finance and General Purposes Committee

**Company Secretary**

Mr S Farrer

**Senior Management Team**

Mr C Morgan	Headteacher/ Accounting Officer (resigned 31 August 2013)
Mr L Hunter	Headteacher/ Accounting Officer (appointed 1 September 2013)
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 2013**

The governors present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2012 to 31 August 2013.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust 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 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 headteacher) 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 headteacher 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 2013**

**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 were those people who filled those positions on the governing body of the predecessor Sir Roger Manwood's School at its closure who became 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 where 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 2013**

**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 coalition government and our academy status.

Reflect upon the successful Ofsted inspection in 2012 to both maintain and improve the current high standards.

Ensure that the 450<sup>th</sup> Anniversary of the School Foundation is appropriately celebrated during the course of 2013. Governors, staff, students, parents and Old Manwoodians to be involved in a planned timetable of events/activities.

**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**OBJECTIVES AND ACTIVITIES - continued**

**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 who report to the full governing body.

It is considered that the current curriculum mix is appropriate for the vast majority of students, with the breadth of the GCSE and A level curriculum being maintained.

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 to develop the ICT infrastructure have been made over recent years. Updating of both hardware and software continues in order to meet the needs of the school.

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 school has been successful in its bids to the EFA for grant funding from the Academies Capital Maintenance Fund.

The Ofsted inspection in 2012 was a great success, with the school being judged as 'outstanding' in all areas of the day school. The school has sought to maintain and build upon its success.

The points noted with the boarding section of the Ofsted report have been worked through.

Celebrations of the 450<sup>th</sup> Anniversary were a great success.

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 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 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.

The A Level results were very close to the records set in 2012. The overall pass rate was 98.8%, and 69.4% of all exams taken were passed at the top grades of A\*, A and B. At GCSE the school achieved another sound set of results. Of all exams taken, 47.68% were passed at grades A\* and A and 96.8% of students achieved 5 passes at grades A\* - C.

**Going Concern**

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. 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.

**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**ACHIEVEMENTS AND PERFORMANCE – continued**

**Key Financial Performance Indicators**

An analysis of the school's financial performance undertaken through the examination of the following:

- (1) the school's budget and the relating situation in terms of financial soundness
- (2) the comparative data of spending by similar schools

indicates that the school has performed well in financial terms.

An analysis of the school's spending pattern against benchmarking data from other similar schools indicates that spending is broadly in line with the national picture.

Specific financial KPI's for the year under review are as follows:

	31.08.13	31.08.12
Educational wages per pupil enrolled	£3,725	£3,688
Total wages as a percentage of GAG funding	88.16%	84.38%
Total wages as a percentage of total revenue grants	85.94%	81.68%

**FINANCIAL REVIEW**

The academy's accounting period covers a twelve month trading period from 1 September 2012 to 31 August 2013.

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 2013 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.

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 third 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 £731,000 as at the balance sheet date (2012: £682,000). 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 2014.

**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 into consideration when decisions about future spending are taken.



**REPORT OF THE GOVERNORS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**FINANCIAL REVIEW – continued**

**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

**CHARITABLE DONATIONS**

During the year the academy trust, through its School Voluntary Fund, made charitable donations totalling £17,558. The funds for these donations were generated through various fundraising events conducted by staff, pupils and parents throughout the year. The donations during the year to individual charitable organisations were as follows:

Brain Tumour Charity	£10,152
Children In Need	£2,320
Gambia Charity	£1,349
MacMillan Cancer	£1,060
Overture Scheme	£880
Salaam Balak	£787
CCF Charity	£755
Help The Heroes	£120
Royal British Legion	£85
Pilgrim's Hospice	£50

**AUDITOR**

In so far as the governors are aware:

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

Approved by order of the members of the governing body on 2 December 2013 and signed on its behalf by:



**Mr D Fuller**  
**Chair of Finance Committee**

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**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 Report of the Governors and in the Statement of Governors' Responsibilities. The governing body has formally met 3 times during the year ended 31 August 2013. Attendance during this period at meetings of the Governing Body was as shown in the table on page 10.

The governing body operates five committees that take responsibility for particular areas of governance. The table referred to 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 on-going 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 Sir Roger Manwood's School for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The governing body has reviewed the key risks to which the academy 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 period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

**The Risk and Control Framework**

The academy 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 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. The RO function has been fully delivered in line with the EFA's requirements and all recommendations have been implemented.

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**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:

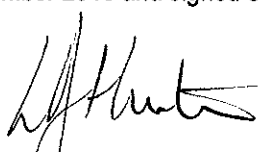
- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 2 December 2013 and signed on its behalf by:



**Mr D Fuller**  
**Chair of Finance Committee**



**Mr L Hunter**  
**Accounting Officer**

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

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**Governance continued**

	FGB			Finance					Pay & Personnel						Curriculum & Pupil Welfare			Buildings & Grounds				Boarding			
	10/11/12	22/3/13	20/6/13	24/9/12	26/11/12	28/1/13	18/3/13	13/5/13	2/10/12	20/11/12	6/2/13	22/3/13	30/4/13	13/6/13	15/11/12	24/1/13	4/6/13	29/11/13	23/1/13	23/4/13	11/6/13	19/9/12	28/12/13	12/2/13	24/4/13
Dr A Weatherley (Chair)	X	✓	X																						
Revd Canon M Roberts (Vice)	✓	✓	✓																			✓	✓	✓	
Mr J Bradley	✓	X	✓	X	X	X	X	X										X	X	X	X				
Mrs L Gorringe	✓	✓	✓						✓	✓	✓	✓	✓	X				✓	X			✓	✓	✓	✓
Mr A J Kilbee	✓	✓	✓							✓	✓		✓						✓			✓	✓	✓	✓
Ms S Baker	✓	✓	✓																						
Mrs R Daniels	✓	✓	✓												X	X	✓								
Mrs C Everard	✓	✓	✓												✓	✓	✓								
Dr C Ewen	X	✓	✓						✓	✓	X	✓	X	✓											
Mrs C Sinett-	✓	✓	X												✓	✓	✓	X	✓	✓	✓				
Mr J Boyes	X	✓	X												✓	X	X								
Mr M Dyer	X	X	X	✓	✓	✓	✓	X							✓										
Mr D Fuller	X	X	X	✓	✓	✓	✓	✓																	
Mrs S Bodycomb	X	✓	✓						✓	✓	X	✓	X	X											
Mrs J Rosso	X	✓	✓						✓	✓	✓	✓	✓	✓	✓	X	✓								
Mr M Waite	✓	✓	✓	X	✓	✓	✓	✓																	
Mr B Griffiths	✓	✓	✓						X	✓	X	X	X	X				✓	✓	X	X				
Ms A Pujadas-Telmon	✓	✓	✓						✓	✓	✓	X	✓	✓								✓	✓	✓	✓
Mr J Williams	✓	X	X															✓	✓	✓	✓				
Mr C Morgan (Headteacher)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	X	X	✓	X	✓	✓

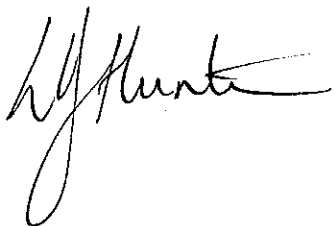
**SIR ROGER MANWOOD'S SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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 L Hunter**  
**Accounting Officer**

**Date:** 2 December 2013

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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 Report of the Governors 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. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure, for that 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Education Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 2 December 2013 and signed on its behalf by:



**Mr D Fuller**  
**Chair of Finance Committee**

**REPORT OF THE INDEPENDENT AUDITOR 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 ending 31 August 2013 on pages seventeen to forty. 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 2013 issued by the Education Funding 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable 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 Trustees and Auditors**

As explained more fully in the Statement of Governors' Responsibilities set out on page twelve, 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 charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- 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 Academies Accounts Direction 2013 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Governors for the financial year 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: 2 December 2013



**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 2 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sir Roger Manwood's School during the period 1 September 2012 to 31 August 2013 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 Auditor**

The Accounting officer is responsible, under the requirements of Sir Roger Manwood's School's funding agreement with the Secretary of State for Education dated 1 March 2011 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the responsible officer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between Sir Roger Manwood's School and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

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

**Conclusion**

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

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: 2 December 2013

**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 2013**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.13 Total Funds £	31.08.12 Total Funds As restated £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	2	17,276	367	-	17,643	42,925
Activities for generating funds	3	182,320	307,108	-	489,428	489,011
Investment income	4	4,712	330	-	5,042	5,410
<b>Incoming resources from charitable activities</b>						
Funding for the academy's educational operations	5	-	4,468,464	324,103	4,792,567	4,798,666
Provision of boarding activities	27	557,663	-	-	557,663	533,146
<b>Total incoming resources</b>		<b>761,971</b>	<b>4,776,269</b>	<b>324,103</b>	<b>5,862,343</b>	<b>5,869,158</b>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Fundraising trading	7	139,909	269,861	-	409,770	485,196
<b>Charitable activities</b>						
Academy's educational operations	8	51,049	4,519,098	621,172	5,191,319	5,096,990
Provision of boarding activities	27	544,243	-	-	544,243	510,649
<b>Governance costs</b>	9	<b>-</b>	<b>12,269</b>	<b>-</b>	<b>12,269</b>	<b>10,700</b>
<b>Total resources expended</b>	6	<b>735,201</b>	<b>4,801,228</b>	<b>621,172</b>	<b>6,157,601</b>	<b>6,103,535</b>
<b>Net incoming/ (outgoing) resources before transfers</b>		<b>26,770</b>	<b>(24,959)</b>	<b>(297,069)</b>	<b>(295,258)</b>	<b>(234,377)</b>
<b>Gross transfers between funds</b>	19	<b>(8,636)</b>	<b>2,116</b>	<b>6,520</b>	<b>-</b>	<b>-</b>
<b>Net income/(expenditure) for the year</b>		<b>18,134</b>	<b>(22,843)</b>	<b>(290,549)</b>	<b>(295,258)</b>	<b>(234,377)</b>
<b>Other recognised gains/losses</b>						
Actuarial losses on defined benefit pension schemes	25	-	(16,000)	-	(16,000)	(168,000)
<b>Net movement in funds for the year</b>		<b>18,134</b>	<b>(38,843)</b>	<b>(290,549)</b>	<b>(311,258)</b>	<b>(402,377)</b>
<b>RECONCILIATION OF FUNDS</b>						
As previously reported		408,694	(585,799)	14,284,269	14,107,164	25,703,083
Prior year adjustment	13	-	-	-	-	(11,193,542)
		<b>408,694</b>	<b>(585,799)</b>	<b>14,284,269</b>	<b>14,107,164</b>	<b>14,509,541</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>426,828</b>	<b>(624,642)</b>	<b>13,993,720</b>	<b>13,795,906</b>	<b>14,107,164</b>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

		31.08.13	31.08.13	31.08.12	31.08.12
		£	£	As restated	As restated
	Notes			£	£
<b>FIXED ASSETS</b>					
Tangible assets	14		13,919,573		14,230,306
<b>CURRENT ASSETS</b>					
Stocks	15	3,292		1,468	
Debtors: amounts falling due within one year	16	212,568		149,677	
Cash at bank and in hand		1,090,546		988,133	
		<u>1,306,406</u>		<u>1,139,278</u>	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	17	<u>(699,073)</u>		<u>(580,420)</u>	
<b>NET CURRENT ASSETS</b>			<u>607,333</u>		<u>558,858</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,526,906		14,789,164
Pension scheme liability	25		<u>(731,000)</u>		<u>(682,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>13,795,906</u>		<u>14,107,164</u>
<b>FUNDS OF THE ACADEMY:</b>					
<b>RESTRICTED FUNDS</b>					
Fixed asset funds	19	13,993,720		14,284,269	
General funds	19	106,358		96,201	
Pension fund	19	<u>(731,000)</u>		<u>(682,000)</u>	
<b>TOTAL RESTRICTED FUNDS</b>			13,369,078		13,698,470
<b>UNRESTRICTED FUNDS</b>					
General funds	19	<u>426,828</u>		<u>408,694</u>	
<b>TOTAL UNRESTRICTED FUNDS</b>			<u>426,828</u>		<u>408,694</u>
<b>TOTAL FUNDS</b>			<u>13,795,906</u>		<u>14,107,164</u>

The financial statements on pages seventeen to forty were approved by the governors, and authorised for issue on 2 December 2013 and are signed on their behalf by:

  
**Mr D Fuller**  
**Chair of Finance Committee**

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

		31.08.13	31.08.12
	Notes	£	As restated £
Net cash inflow from operating activities	1	90,027	128,257
Returns on investments and servicing of finance	2	5,042	5,410
Capital expenditure and financial investment	2	20,183	(25,520)
		<hr/>	<hr/>
Increase in cash in the period		<u>115,252</u>	<u>108,147</u>

**Reconciliation of net cash flow to movement in  
net funds**

3

Increase in cash in the period	115,252	108,147
Net funds at 1 September 2012	<u>945,512</u>	<u>837,365</u>
Net funds at 31 August 2013	<u>1,060,764</u>	<u>945,512</u>

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

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.08.13	31.08.12 As restated
	£	£
Net outgoing resources	(295,258)	(234,377)
Depreciation charges (note 14)	319,521	319,288
Interest received (note 4)	(5,042)	(5,410)
FRS 17 pension cost less contributions payable (note 25)	13,000	(10,000)
FRS 17 pension finance costs (note 25)	20,000	24,000
(Increase)/decrease in stocks	(1,824)	502
(Increase)/decrease in debtors	(62,891)	12,030
Increase in creditors	131,492	67,525
Woolfson grant	-	(25,000)
Capital grants from DfE/EFA (note 5)	(324,103)	(127,557)
Revenue expenditure from capital grants	<u>295,132</u>	<u>107,256</u>
<b>Net cash inflow from operating activities</b>	<b><u>90,027</u></b>	<b><u>128,257</u></b>

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

	31.08.13	31.08.12 As restated
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>5,042</u>	<u>5,410</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>5,042</u></b>	<b><u>5,410</u></b>
<b>Capital expenditure and financial investment</b>		
Woolfson grant	-	25,000
Capital grants from DfE/EFA	324,103	127,557
Revenue expenditure from capital grants	(295,132)	(107,256)
Purchase of tangible fixed assets	<u>(8,788)</u>	<u>(70,821)</u>
<b>Net cash inflow/(outflow) for capital expenditure and financial investment</b>	<b><u>20,183</u></b>	<b><u>(25,520)</u></b>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 01.09.12 As restated	Cash flow	At 31.08.13
	£	£	£
<b>Net cash:</b>			
Cash at bank and in hand	988,132	102,414	1,090,546
Bank overdraft	<u>(42,620)</u>	<u>12,838</u>	<u>(29,782)</u>
<b>Total</b>	<b><u>945,512</u></b>	<b><u>115,252</u></b>	<b><u>1,060,764</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**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 trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**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. Details of specific grants can be found in note 5.

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

**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 trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 trust's policies.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES - continued**

**Property transferred upon conversion to an academy trust**

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.

**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, where applicable.

**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 trust's educational operations.

**Governance costs**

These 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.

**Tangible fixed assets**

Assets costing £1,000 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 2013**

**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 trust 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 trust 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 trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 24, 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.

**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 fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Kent County Council.

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**2. VOLUNTARY INCOME**

	Unrestricted Funds	Restricted Funds	31.08.13 Total Funds	31.08.12 Total Funds As restated
	£	£	£	£
Other donations	17,276	367	17,643	42,925
	<u>17,276</u>	<u>367</u>	<u>17,643</u>	<u>42,925</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted Funds	Restricted Funds	31.08.13 Total Funds	31.08.12 Total Funds As restated
	£	£	£	£
School trip income	3,580	244,550	248,130	242,379
Lettings	6,511	-	6,511	22,010
Student resales	25,883	4,364	30,247	31,741
Catering	134,235	-	134,235	126,299
Fundraising events	-	58,194	58,194	-
Other income	12,111	-	12,111	66,582
	<u>182,320</u>	<u>307,108</u>	<u>489,428</u>	<u>489,011</u>

**4. INVESTMENT INCOME**

	Unrestricted Funds	Restricted Funds	31.08.13 Total Funds	31.08.12 Total Funds As restated
	£	£	£	£
Deposit account interest	4,712	330	5,042	5,410
	<u>4,712</u>	<u>330</u>	<u>5,042</u>	<u>5,410</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds	Restricted Funds	31.08.13 Total Funds	31.08.12 Total Funds As restated
	£	£	£	£
<b>DfE/EFA GRANTS</b>				
General Annual Grant (GAG)	-	4,356,095	4,356,095	4,521,550
Capital grants	-	324,103	324,103	127,557
Other DfE/EFA grants	-	15,352	15,352	62,964
Pupil premium	-	30,637	30,637	11,852
	-	4,726,187	4,726,187	4,723,923
 <b>OTHER GOVERNMENT GRANTS</b>				
Woolfson grant	-	-	-	25,000
Local authority grants	-	66,380	66,380	36,406
Comenius fund	-	-	-	13,337
	-	66,380	66,380	74,743
	-	4,792,567	4,792,567	4,798,666

**6. RESOURCES EXPENDED**

	Staff Costs	Premises Costs	Other Costs	31.08.13 Total	31.08.12 Total As restated
	£	£	£	£	£
Costs of activities for generating funds	66,860	-	342,910	409,770	485,196
<i>Academy's educational operations</i>					
Direct costs	3,324,775	-	656,214	3,980,989	4,453,088
Allocated support costs	240,069	565,177	405,084	1,210,330	643,902
Costs of boarding	250,988	108,881	184,374	544,243	510,649
	3,815,832	674,058	1,245,672	5,735,562	5,607,639
 Governance costs including allocated support costs	-	-	12,269	12,269	10,700
	3,882,692	674,058	1,600,851	6,157,601	6,103,535

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**6. RESOURCES EXPENDED - continued**

Incoming/outgoing resources for the year include:

	31.08.13	31.08.12 As restated
	£	£
Operating leases	20,897	22,165
Auditors' remuneration	8,200	8,500
Auditors' remuneration for non-audit work	3,585	950
Auditors' remuneration (over)/under provision prior years	(1,250)	1,250
Depreciation – owned assets	<u>319,521</u>	<u>319,288</u>

**7. COSTS OF ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted Funds	Restricted Funds	31.08.13 Total Funds	31.08.12 Total Funds As restated
	£	£	£	£
Opening stock	1,468	-	1,468	1,970
Catering	67,539	-	67,539	80,296
School trips etc	4,042	269,861	273,903	302,965
Staff costs	66,860	-	66,860	79,472
Utilities	-	-	-	5,061
Repairs and maintenance	-	-	-	8,956
Cleaning	-	-	-	4,266
Other costs	-	-	-	2,210
	<u>139,909</u>	<u>269,861</u>	<u>409,770</u>	<u>485,196</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds	Restricted Funds	31.08.13 Total	31.08.12 Total As restated
	£	£	£	£
<b>Direct costs</b>				
Teaching and educational support staff costs	-	3,324,775	3,324,775	3,319,277
Premises expenses	-	-	-	260,017
Depreciation	-	294,918	294,918	319,288
Technology costs	-	58,204	58,204	-
Educational supplies	-	172,608	172,608	200,974
Examination fees	-	108,121	108,121	109,417
Staff development	-	8,479	8,479	11,514
Educational consultancy	-	13,884	13,884	-
Other direct costs	-	-	-	232,601
	-	3,980,989	3,980,989	4,453,088
<b>Allocated support costs</b>				
Support staff costs	-	209,537	209,537	178,947
Depreciation	-	24,603	24,603	-
Technology costs	-	22,695	22,695	-
Recruitment and support	-	10,532	10,532	4,619
Maintenance of premises and equipment	1,111	446,086	447,197	247,672
Professional fees	-	33,517	33,517	24,995
Cleaning	-	88,173	88,173	6,293
Rent, rates and water	-	42,555	42,555	2,058
Insurance	-	37,916	37,916	35,061
Energy costs	-	75,425	75,425	5,409
Security and transport	-	13,929	13,929	-
Catering	-	12,492	12,492	-
Hire of equipment	-	18,747	18,747	22,165
Bank interest and charges	-	2,876	2,876	1,944
FRS17 interest less expected return on assets	-	20,000	20,000	24,000
Other support costs	49,938	100,198	150,136	90,739
	51,049	1,159,281	1,210,330	643,902
	51,049	5,140,270	5,191,319	5,096,990

This year's support costs have been re-analysed in order to meet the requirements of the updated guidance from the EFA within the model financial statements within the Academies Accounts Direction 2013.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**9. GOVERNANCE COSTS**

	Unrestricted Funds	Restricted Funds	31.08.13 Total	31.08.12 Total As restated
	£	£	£	£
Legal and professional fees	-	1,040	1,040	-
Auditor's remuneration				
Audit of financial statements	-	7,200	7,200	7,500
Accounts preparation	-	1,000	1,000	1,000
Other non audit related services	-	3,585	3,585	950
(Under)/over provision	-	(1,250)	(1,250)	1,250
Trustees' reimbursed expenses	-	694	694	-
	<u>-</u>	<u>12,269</u>	<u>12,269</u>	<u>10,700</u>

**10. STAFF COSTS**

Staff costs during the period were:

	31.08.13	31.08.12 As restated
	£	£
Wages and salaries	3,161,882	3,140,664
Social security costs	226,450	239,500
Pension costs	<u>472,064</u>	<u>459,062</u>
	<u>3,860,396</u>	<u>3,839,226</u>
Supply teacher costs	11,765	2,050
Recruitment costs	<u>10,531</u>	<u>4,619</u>
	<u>3,882,692</u>	<u>3,845,895</u>

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

	31.08.13	31.08.12 As restated
<b>Charitable activities</b>		
Teachers and educational support	101	101
Administration and support	25	24
Management	<u>3</u>	<u>3</u>
	<u>129</u>	<u>128</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**10. 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:

	31.08.13	31.08.12 As restated
<b>Charitable activities</b>		
Teachers and educational support	60	70
Administration and support	35	24
Management	<u>3</u>	<u>3</u>
	<u>98</u>	<u>97</u>

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

	31.08.13	31.08.12 As restated
£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 2013, pension contributions for these staff amounted to £31,241 (2012: £31,491).

**11. 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 Governors' remuneration was as follows:

C Morgan (Headteacher and Governor):	£95,000 - £100,000 (2012: £95,000 - £100,000)
A Pujadas-Telmon (Staff Governor):	£50,000 - £55,000 (2012: £50,000 - £55,000)
J Williams (Staff Governor):	£50,000 - £55,000 (2012: £50,000 - £55,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £694 (2012: £1,353) were reimbursed to 2 Governors (2012: 2 Governors).

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

**12. 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 not disclosed separately, but is included in the total insurance cost.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**13. 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 period to 31 August 2011 a formal valuation had not been undertaken, therefore the property was valued at the insurance rebuild cost. Accordingly a prior year adjustment was made in the year ended 31 August 2012 to reflect the appropriate valuation method.

In the previous year boarding income and the corresponding expenditure were both overstated by £151,848. The comparative figures for the year ended 31 August 2012 have therefore been restated to reflect the correct values. There has been no impact on the brought forward funds as a result of this restatement.

**14. TANGIBLE FIXED ASSETS**

	Freehold Property £	School Equipment £	Fixtures and Fittings £	Motor Vehicles £	Computer Equipment £	Totals £
<b>COST</b>						
At 1 September 2012	14,449,437	57,943	15,017	47,381	121,059	14,690,837
Additions	8,788	-	-	-	-	8,788
At 31 August 2013	14,458,225	57,943	15,017	47,381	121,059	14,699,625
<b>DEPRECIATION</b>						
At 1 September 2012	382,654	17,173	4,068	13,183	43,453	460,531
Charge for year	255,101	11,588	3,003	9,476	40,353	319,521
At 31 August 2013	637,755	28,761	7,071	22,659	83,806	780,052
At 31 August 2013	13,820,470	29,182	7,946	24,722	37,253	13,919,573
At 31 August 2012	14,066,783	40,770	10,949	34,198	77,606	14,230,306

Included in cost or valuation of land and buildings is freehold land of £1,694,337 (2012: £1,694,337) which is not depreciated.

**15. STOCKS**

	31.08.13	31.08.12
	£	As restated £
Catering	3,292	1,468



**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**16. DEBTORS**

	31.08.13	31.08.12 As restated
	£	£
Trade debtors	102,524	88,600
VAT	54,883	36,181
Prepayments and accrued income	55,161	24,896
	<u>212,568</u>	<u>149,677</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.08.13	31.08.12 As restated
	£	£
Bank loans and overdrafts (note 18)	29,782	42,620
Trade creditors	89,115	116,678
Social security and other taxes	124,217	128,171
Other creditors	32,215	-
Accrued expenses and deferred income	423,744	292,951
	<u>699,073</u>	<u>580,420</u>

**Deferred income**

	31.08.13	31.08.12 As restated
	£	£
Deferred income at 1 September	188,228	163,554
Resources deferred in the year	184,637	188,228
Amounts released from previous years	(188,228)	(163,554)
Deferred income at 31 August	<u>184,637</u>	<u>188,228</u>

At the balance sheet date the academy trust was holding funds received in advance for boarding for the autumn term 2013, totalling £184,637.

**18. LOANS**

An analysis of the maturity of loans is given below:

	31.08.13	31.08.12 As restated
	£	£
Amounts falling due within one year on demand:		
Bank overdraft	<u>29,782</u>	<u>42,620</u>

The bank overdraft at the year end is represented by a bank balance of £10,000 (2012: £10,000) and outstanding cheques of £39,782 (2012: £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 2013**

**19. FUNDS**

	At 1.09.12 As restated £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	At 31.08.13 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	21,885	4,356,098	(4,353,319)	(4,189)	20,475
School Voluntary Fund	36,149	307,801	(291,923)	-	52,027
Other grants	38,167	112,370	(122,986)	6,305	33,856
Pension reserve	(682,000)	-	(33,000)	(16,000)	(731,000)
	<u>(585,799)</u>	<u>4,776,269</u>	<u>(4,801,228)</u>	<u>(13,884)</u>	<u>(624,642)</u>
<b>Restricted fixed asset funds</b>					
Transfer of property	14,066,783	-	(255,101)	-	13,811,682
Other assets	163,521	-	(64,420)	-	99,101
DfE/EFA capital grants	53,965	324,103	(301,651)	6,520	82,937
	<u>14,284,269</u>	<u>324,103</u>	<u>(621,172)</u>	<u>6,520</u>	<u>13,993,720</u>
<b>Total restricted funds</b>	<u>13,698,470</u>	<u>5,100,372</u>	<u>(5,422,400)</u>	<u>(7,364)</u>	<u>13,369,078</u>
<b>Unrestricted funds</b>					
Unrestricted funds	381,917	204,308	(190,958)	(14,936)	380,331
Boarding	26,777	557,663	(544,243)	6,300	46,497
	<u>408,694</u>	<u>761,971</u>	<u>(735,201)</u>	<u>(8,636)</u>	<u>426,828</u>
<b>Total funds</b>	<u>14,107,164</u>	<u>5,862,343</u>	<u>(6,157,601)</u>	<u>(16,000)</u>	<u>13,795,906</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.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

**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.

Annual Capital Maintenance Funding of £303,920 was received during the year; £185,196 was for the replacement of windows across the whole building and £118,724 was for the filling in of the courtyard to create a sixth form area and for toilet refurbishment. This latter project was still on-going at the year end.

**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 2013**

**19. 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 £1,256 was transferred from unrestricted funds to GAG to cover the cost of expenditure including staff insurance.

£855 was transferred from other government grants to GAG being the unused amount of grants received to cover the costs of expenditure.

Total transfer £4,189.

Other Grants

£855 was transferred from other government grants to GAG being the unused amount of grants received to cover the costs of expenditure in the GAG.

£7,160 was transferred from unrestricted funds to cover the costs of the Comenius project.

Total transfer £6,305.

Fixed Assets

£6,520 was transferred from unrestricted funds to fixed asset funds to cover the extra expenditure associated with the windows project.

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	13,919,573	13,919,573
Current assets	643,140	434,849	228,417	1,306,406
Current liabilities	(216,312)	(328,491)	(154,270)	(699,073)
Pension scheme liability	-	(731,000)	-	(731,000)
	<u>426,828</u>	<u>(624,642)</u>	<u>13,993,720</u>	<u>13,795,906</u>

**21. CAPITAL COMMITMENTS**

	31.08.13 £	31.08.12 As restated £
Contracted but not provided for in the financial statements	<u>243,484</u>	<u>-</u>

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2013 the Academy had annual commitments under non cancellable operating leases as follows:

	31.08.13 £	31.08.12 As restated £
Other		
Expiring within one year	2,238	11,323
Expiring within two and five years inclusive	<u>13,705</u>	<u>14,026</u>
	<u>15,943</u>	<u>25,349</u>

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**23. CONTINGENT ASSET**

The Department for Education has now confirmed that in the event that an academy school closes, it will meet the outstanding Local Government Pension Scheme (LGPS) liability. This came into force on 18 July 2013 following approval by Parliament.

**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 £56,102 (2012: £55,115) were payable to the schemes at 31 August and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

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

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**25. PENSION AND SIMILAR OBLIGATIONS – continued**

**Valuation of the Teachers' Pension Scheme - continued**

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

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

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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**25. PENSION 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 year ended 31 August 2013 was £136,000 (2012: £126,000), of which employer's contributions totalled £108,000 and employees' contributions totalled £28,000 (2012: £100,000 and £26,000).

The LGPS obligation relates to the employees of the academy trust, who were employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme since that date. 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.

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

	31.08.13	31.08.12 As restated
Discount rate	4.70%	3.90%
Price increases	2.90%	1.90%
Expected return on scheme assets	5.90%	5.20%
Future salary increases	5.10%	4.10%
Future pension increases	2.90%	1.90%
Commutation of pension to lump sums	50.00%	50.00%

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

	31.08.13	31.08.12 As restated
<b>Retiring today</b>		
Males	20.1	20.0
Females	24.1	24.0
<b>Retiring in 20 years</b>		
Males	22.1	22.0
Females	26.0	25.9

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	1,392,000	1,426,000	1,462,000
Projected service cost	125,000	129,000	133,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	1,374,000	1,426,000	1,480,000
Projected service cost	123,000	129,000	135,000

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**25. PENSION AND SIMILAR OBLIGATIONS – continued**

**Local Government Pension Scheme – continued**

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £	Expected return at 31 August 2012 As restated	Fair value at 31 August 2012 As restated £
Equities	6.60%	500,000	5.90%	333,000
Gilts	3.50%	-	2.80%	5,000
Other bonds	4.40%	83,000	3.90%	62,000
Property	4.60%	56,000	3.90%	48,000
Cash	0.50%	28,000	0.50%	14,000
Target return portfolio	5.00%	28,000	4.40%	14,000
<b>Total market value of assets</b>		695,000		476,000
Present value of scheme liabilities				
-Funded		(1,426,000)		(1,158,000)
<b>Deficit in the scheme</b>		(731,000)		(682,000)

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 £82,000 (2012: £42,000).

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

	Defined benefit pension plans 31.08.13 £	Defined benefit pension plans 31.08.12 As restated £
Current service cost (net of employee contributions)	121,000	90,000
Total operating charge	121,000	90,000
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	28,000	23,000
Interest on pension liabilities	(48,000)	(47,000)
Pension finance costs	(20,000)	(24,000)

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**25. PENSION AND SIMILAR OBLIGATIONS – continued**

**Local Government Pension Scheme – continued**

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 £129,000 loss (2012: £113,000 loss).

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

	Defined benefit pension plans 31.08.13	Defined benefit pension plans 31.08.12 As restated
	£	£
Opening defined benefit obligation	1,158,000	807,000
Current service cost	121,000	90,000
Contributions by scheme participants	28,000	26,000
Interest cost	48,000	47,000
Actuarial losses	71,000	188,000
	<u>1,426,000</u>	<u>1,158,000</u>

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

	Defined benefit pension plans 31.08.13	Defined benefit pension plans 31.08.12 As restated
	£	£
Opening fair value of scheme assets	476,000	307,000
Contributions by employer	108,000	100,000
Contributions by scheme participants	28,000	26,000
Expected return	28,000	23,000
Actuarial gains	55,000	20,000
	<u>695,000</u>	<u>476,000</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £107,000 (2013: £99,000).

Amounts for the current and preceding two periods are as follows:

	31.08.13	31.08.12	31.08.11
	£	£	£
<b>Defined benefit pension plans</b>			
Defined benefit obligation	(1,426,000)	(1,158,000)	(807,000)
Fair value of scheme assets	695,000	476,000	307,000
Surplus /(Deficit)	(731,000)	(682,000)	(500,000)
Experience adjustments on scheme assets	55,000	20,000	(6,000)
Experience adjustments on scheme liabilities	-	-	-



NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2013

**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, transactions may take place with organisations in which a member of the board of Governors has 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 £9,444 (2012: £7,766), relating to the purchase of fuel, vehicle repairs and servicing took place in the period. There was a balance amounting to £1,535 owed by the academy to the company at the year end (2012: £57).

Staff Governors, Miss A Pujadas-Telmon and Mr J Williams, were reimbursed £375 (2012: £105) and £319 (2012: £1,248) respectively for travel expenses during the period.

An amount of £80 was paid to Mr C L R Morgan at the end of year as a leaving gift.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**27. ACADEMY BOARDING TRADING ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2013**

	31.08.13 £	31.08.13 £	31.08.12 As restated £	31.08.12 As restated £
<b>Income</b>				
Fee income	553,067		531,243	
Other income	<u>4,596</u>		<u>1,903</u>	
		557,663		533,146
<b>Expenditure</b>				
<b>Direct Costs</b>				
Staff costs	90,326		57,646	
Goods and services	73,802		62,432	
Other direct costs	67,785		70,522	
Utilities	<u>-</u>		<u>44,644</u>	
Total direct costs	231,913		235,244	
<b>Indirect costs</b>				
Staff costs	160,662		181,934	
Utilities	19,785		-	
Rent and rates	15,540		-	
Insurance	7,530		7,530	
Buildings maintenance	73,557		45,579	
Equipment and IT purchases	8,175		17,511	
Other indirect costs	<u>27,081</u>		<u>22,851</u>	
Total indirect costs	312,330		275,405	
<b>Total operating costs</b>		<u>544,243</u>		<u>510,649</u>
<b>Surplus on Boarding</b>		13,420		22,497
Surplus/(Deficit) brought forward		26,777		(10,469)
Transfers from other funds		<u>6,300</u>		<u>14,749</u>
<b>Surplus carried forward</b>		<u>46,497</u>		<u>26,777</u>

**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.