

COMPANY REGISTRATION NUMBER 07552702

**East Barnet School**  
**Company Limited by Guarantee**  
**Financial Statements**  
**31 August 2013**

**MHA MACINTYRE HUDSON**  
Chartered Accountants & Statutory Auditor  
Euro House  
1394 High Road  
London  
N20 9YZ

# East Barnet School Company Limited by Guarantee

## Financial Statements

Year ended 31 August 2013

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# East Barnet School Company Limited by Guarantee

## Reference and Administrative Details

Year ended 31 August 2013

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<b>Company Name</b>	East Barnet School	
<b>Company Registration Number</b>	07552702	
<b>Principal Office</b>	Chestnut Grove East Barnet Hertfordshire EN4 8PU	
<b>Governors &amp; Members of the Academy Trust</b>	Mr N Mottershead * Mr C Costigan Mr M Knott* ++	Chair of Governors Trust member from 17 October 2011 Trust member from 15 October 2012
<b>Governors</b>	Mr N Christou * Ms F Armstrong Mrs D Cuthbert Mrs Z Ansell Mr S Harrison Mr J Hewlings * Mr J Ireton *++ Mrs C Little * Mrs J Merryweather Mr R Mobbs * Mr R Parker Mrs S Donald* Mrs C Roncarati Mrs A Sweet Cllr Mrs J Tambourides Mr D Wilkinson *++ Mr C Patsalis Ms N Weatherley Ms J Wolf Ms H Smith Miss S McDonald	Headteacher & Accounting Officer  (Resigned 15 October 2013)       (Resigned 22 November 2013) (Resigned 1 September 2013)      (Resigned 9 October 2013) (Appointed 9 October 2013) (Appointed 9 October 2013) (Appointed 23 November 2013) (Appointed 23 November 2013)

\* Members of the Resources (Finance and Premises) Committee  
++ Members of the Audit Committee

**Company Secretary** Mrs S Waters

# East Barnet School Company Limited by Guarantee

Reference and Administrative Details *(continued)*

Year ended 31 August 2013

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## Senior Leadership Team

Mr N Christou	(Headteacher and Accounting Officer)
Mr R Wilson	(Deputy Headteacher)
Mr D Hallam	(Associate Deputy Headteacher)
Mrs F Hurst	(Associate Deputy Headteacher)
Mr G Roberts	(Associate Deputy Headteacher)
Mr S White	(Associate Deputy Headteacher)
Mrs S Waters	(Bursar & Company Secretary)

## Auditor

MHA MacIntyre Hudson  
Chartered Accountants  
& Statutory Auditor  
Euro House  
1394 High Road  
London  
N20 9YZ

## Responsible Officer

Mercer & Hole  
Chartered Accountants  
Gloucester House  
72 London Road  
St Albans  
Hertfordshire  
AL1 1NS

## Bankers

Natwest Bank Plc  
High Road  
Whetstone  
London  
N20 9HJ

## Solicitors

Winckworth Sherwood  
Minerva House  
5 Montague Close  
London

# East Barnet School Company Limited by Guarantee

## Governors' Annual Report

Year ended 31 August 2013

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The Governors, who are also directors for the purposes of company law, have pleasure in presenting their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2013.

### Reference and administrative details

Reference and administrative details are shown in the schedule of reference and administrative details on page 3 of the financial statements.

### The Governors

The Governors who served the academy during the period were as follows:

Mr N Mottershead *	
Mr C Costigan	
Mr M Knott *++	
Mr N Christou *	
Mrs Z Ansell	(Resigned 15 October 2013)
Ms F Armstrong	
Mrs D Cuthbert	
Mrs S Donald *	(Resigned 1 September 2013)
Mr S Harrison	
Mr J Hewlings *	
Mr J Ireton *++	
Mrs C Little *	
Mrs J Merryweather	
Mr R Mobbs *	
Mr R Parker	(Resigned 22 November 2013)
Mr C Patsalis	(Resigned 9 October 2013)
Mrs C Roncarati	
Mrs A Sweet	
Cllr Mrs J Tambourides	
Mr D Wilkinson *++	
Ms N Weatherley	(Appointed 9 October 2013)
Ms J Wolf	(Appointed 9 October 2013)
Ms H Smith	(Appointed 23 November 2013)
Miss S McDonald	(Appointed 23 November 2013)

\* Members of the Resources (Finance and Premises) Committee

++ Members of the Audit Committee

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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## **Structure, governance and management**

### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The company was incorporated on 4<sup>th</sup> March 2011. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

Certain Governors act as the Trustees for the charitable activities of East Barnet School and all Governors are the directors of the charitable company for the purposes of company law. The charitable company is known as East Barnet School.

The current accounting period is the year from 1 September 2012 to 31 August 2013. It should be noted that the initial accounting period was 17 months from 1 April 2011 to 31 August 2012 due to the change of accounting reference date from 31<sup>st</sup> March to 31<sup>st</sup> August.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 5.

### **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one period 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**

The Academy has purchased insurance to cover Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs and the limit of the indemnity can be found in note 12 to the accounts.

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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## Principal Activities

East Barnet School converted to Academy status on 1st April 2011 at which point the entity's operations commenced. The Academy Trust's principal activities are to provide secondary education, with a broad and balanced curriculum, emphasising our specialist areas of Technology and Leadership.

## Method of recruitment and appointment or election of governors

The numbers and types of governors are set out in the Articles of Association and overseen by the Trustees. The Governing Body is responsible for appointing all governors except for parent governors and staff governors. All governors serve for a four year term of office, but can stand for re-selection if they so wish. The Headteacher is automatically a member of the Governing Body.

Parent governors are elected by parents of students registered at the Academy, with a secret ballot. Staff Governors are similarly elected by the staff. Where necessary, other governors are appointed after a review of community and business groups, dependent on the governor specification requirement of the governing body at the time of the vacancy. Recommendations are then made to the full governing body and the candidate presented to the governors for consideration.

## Members of the Academy Trust

Article 12 of the Articles of Association states that the members of the Academy Trust shall comprise:

- a) The signatories to the Memorandum on incorporation of the company who were the post holders as Chair of Governors, Vice Chair and Chair of Personnel Committee
- b) One person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- c) The Chairman of the Governors, the Vice-Chair of the Governors and the Chairman named highest in the list of the Finance Committee, the Personnel Committee, the Premises Committee, the Student Welfare Committee
- d) Members may agree unanimously in writing to appoint or remove such additional Members as they think fit

Members of the Academy Trust are confirmed annually at the first Autumn Term meeting of the Full Governing Body when the Chairman and Vice Chair(s) are elected. The Chairman of the Committees is elected during the Summer Term.

The Committees were renamed with effect from September 2011 as follows:

- Resources Committee for Finance and Premises matters
- People Committee for Personnel and Student Welfare matters
- Learning Committee for Curriculum matters.

For the period from the incorporation of the company on 4<sup>th</sup> March 2011, the Trust Members were the three signatories to the Memorandum, namely Mr N Mottershead, Mr J Hewlings and Mr D Fairley who were the initial Directors and the initial Trust Members of the company.

The Trust Members from October 2011 were Chairman Mr N Mottershead and Vice Chairmen Mr J Hewlings and Mr C Costigan, superseding Mr D Fairley.

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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The Trust Members from October 2012 were Chairman Mr N Mottershead, Vice Chairman Mr C Costigan, Vice Chairman Mr J Hewlings stood down and Mr M Knott became the third Trust Member as Chairman of the Resources (Finance) Committee.

The Trust Members from October 2013 were determined at the Full Governing Body Meeting on 14 October 2013. Mr N Mottershead was elected as Chairman, Mr C Costigan was elected as Vice Chairman and Mr M Knott continues as the third Trust Member as Chairman of the Resources (Finance) Committee. No other Trust Members have been appointed in the period to date.

## **Policies and procedures adopted for the induction and training of governors**

An Induction Policy has been implemented with procedures for training and induction of new Governors. Induction tends to be done informally and the exact nature of help and support to an individual will depend on their existing experience. Formal training sessions for all governors are run by the London Borough of Barnet and governors are also provided with access to online training modules and courses. All new governors are given a tour of the Academy and the chance to meet with staff and students. All governors are given access (either online or as printed copies) to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. They are provided with documents and guides which provide information about the school and governance in general. A more experienced member of the governing body acts as a mentor as required and becomes the first point of contact for help and guidance.

## **Organisational structure**

The leadership and management at East Barnet School have been judged as outstanding by OFSTED inspectors over the past ten years, including most recently in 2012 after conversion to Academy status. This includes all levels of the leadership structure: Governors, Head teacher, senior and middle leaders.

The Governors approve all policies and review the performance of the school at all levels through reports from the Headteacher and other senior leaders, visits to the school, examination results, financial records, and also receive reports from external assessors, such as OFSTED inspectors, Investors in People, the Responsible Officer and auditors of the school accounts. Governors also take part in the production of and approve the School Development Plan, as well as monitor its implementation.

The Head teacher and Senior Leadership Team (which includes the Deputy Head teacher, four Associate Deputy Head teachers and the Bursar) are responsible for promoting the school vision and ethos, implementing the School Development Plan, monitoring the quality of teaching and learning to ensure that it remains at a high standard, ensuring that behaviour around the school and in lessons is positive, taking any action necessary to ensure that students achieve at their best in public examinations.

The Director of Lower School oversees school admissions and works very closely with local primary schools to ensure a smooth transition into secondary school life for all students joining EBS. Other senior and middle leaders are responsible for the quality of provision in specific areas of the school. These include Heads of Year, Heads of Faculty and Heads of Department.

## **Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the



# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. There is a Whistle Blowing Policy in place and governors have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

## Connected organisations, including related party relationships

Ms F Armstrong is an employee of the London Borough of Barnet and, in that capacity, is a Director of Barnet Education Arts Trust and Director of Barnet Education Business Partnership (charity) and a Trustee of Solace Women's Aid (charity) and the Barnet Law Service (charity).

Cllr Mrs J Tambourides is a councillor with the London Borough of Barnet, a Governor of Ashmole Academy, a member of the Management Committee of Friends in Need and a Trustee of Mind in Barnet. Her husband is also a councillor with the London Borough of Barnet, a Governor at Osidge and Monkfrith Schools and on the managing body of Lancelot Hasluck Trust.

Mrs D Cuthbert is a Director of DJC Educational Consultancy Ltd.

Mrs S Donald is Shareholder and Company Secretary to Fairfield Surveying Ltd and Fairfield Managements Ltd.

Mr S Harrison is an Education Consultant (sole trader).

Mr R Parker is the owner of Rick Parker Gardener.

Mrs C Roncarati has related party interest as her father's garage, RPM engineering a company that services the school's minibuses.

Mr D Wilkinson is a Shareholder and Director of Weaver-AFS Ltd, Fusepump Limited and Secure Identity Limited.

Mr N Christou's children are trustees of The Butterfly AVM Charity.

Mr M Knott is director of OOH Communications Limited.

Mrs C Little is key management at Lyonsdown Hall and her husband Mr P Little is an Account Director of Huawei Technologies.

During the year, purchases totalling £6,040 (2012: £36,055) were made from Barnet Education Business Partnership. The amount due to the charity at the year end was £nil (2012: £nil). Purchases from RPM Engineering totalled £1,444 (2012: £nil), amount due at year end £nil.

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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## **Objectives and activities**

### **Objects and aims**

The principal object and activity of the charitable company is specifically restricted to the operation of East Barnet School to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on Technology and Leadership.

The characteristics of the Academy set down in Section 1(6) of the Academies Act 2010, are that:

- (a) the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum)
- (b) the school provides secondary education and its curriculum for the secondary education has an emphasis on Technology and Leadership, specified in the Agreement;
- (c) the school provides education for pupils of different abilities;
- (d) the school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated.

Other conditions and requirements in respect of the Academy are that:

- (a) the school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community;
- (b) there will be assessments of pupils performance as they apply to maintained schools and the opportunity to study for external qualifications in accordance with clause 29 (d);
- (c) the admissions policy and arrangements for the school will be in accordance with admissions law, and the DfE Codes of Practice, as they apply to maintained schools;
- (d) teachers' levels of pay and conditions of service for all employees will be the responsibility of the Academy Trust save that when entering into a contract of employment with any person the Academy Trust shall be bound by and act in accordance with such guidance as the Secretary of State may publish in relation to the maximum salary that may be paid to employees of Academies;
- (e) there will be an emphasis on the needs of the individual pupils including pupils with special education needs (SEN), both those with and without statements of SEN;
- (f) there will be no charge in respect of admission to the school and the school will only charge pupils where the law allows maintained schools to charge;
- (g) the Academy Trust shall as soon as reasonably practicable establish an appropriate mechanism for the receipt and management of donations and shall use reasonable endeavours to procure donations through that mechanism for the purpose of the objects specified in the Articles.

### Governance

- (a) The Academy will be governed by a governing body ("the Governing Body") who are the Directors of the company constituted under the Memorandum and Articles of the Academy Trust.
- (b) The Governing Body shall have regard to (but for the avoidance of doubt shall not be bound by) any guidance as to the governance of academies that the Secretary of State may publish.

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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## Objectives, strategies and activities

The Academy's core vision is encompassed in its mission statement together with the aims of the Academy during the year ended 31 August 2013 are shown below:

### OUR MISSION STATEMENT

East Barnet School aspires to:

**Encourage the "I want to learn" culture amongst all its students, so that they may fulfil their individual potential in education and develop into responsible adults who make a positive contribution to society.**

We Aim to:

- Generate an enthusiasm for learning so students willingly seek to gain knowledge and understanding about the world around them.
- Provide guidance, information and resources necessary to help students learn.
- Teach the skills necessary for effective and efficient learning.
- Create a positive learning environment.
- Develop a sense of pride amongst the students, so that they achieve the highest possible standards of work in all subjects.
- Foster the personal qualities, skills and self-confidence necessary for students to achieve success in their chosen career and personal life.
- Nurture in all students a sense of respect for themselves, other individuals, their own and other communities, and their environment.

The Academy's main strategy is encompassed in its School Development Plan. To this end the activities provided include:

- Recruitment of high quality teachers and support staff.
- Offering a broad, balanced and engaging curriculum.
- Providing appropriate resources and facilities for students to learn at their best.
- Ensuring that the school ethos makes is conducive to learning and positive behaviour.
- Offering extra-curricular activities to promote the 'I want to learn' philosophy.
- Providing careers guidance and support to help students prepare for life beyond school.

### Public benefit

The Academy Trust promotes education for the benefit of the local community of East Barnet and offers educational and recreational facilities to a variety of local community groups outside of School hours for the benefit of the general public. Community based projects are also undertaken throughout the year by staff and students which further enhances the public benefit. £9,282 (17 month period to August 2012 £7,997) was collected as charitable donations through various activities including BBC Children in Need, British Heart Foundation, British Red Cross, Butterfly AVM, Cancer Research UK, Comic Relief Red Nose Day Daffodil Appeal, Great Ormond Street Hospital, Jeans4Genes, Marie Curie Cancer Care, North London Hospice, Poppy Appeal, AAA Prostate Cancer and Sports Relief. This £9,282 has been passed to the relevant charities as at 31 August 2013. The governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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## **Achievements and performance**

The school has almost achieved its maximum school roll of 1350 (1323 in the census of January 2013, and 1346 at the beginning of the new school year 2013/14). The total number of applications received for the 210 places in Year 7 2013/14 has exceeded 1,000 for the first time in the school's history. Applications for Year 12 also reached a new record of 278. These numbers indicate that the school's popularity is increasing and therefore has a very positive and improving image within the local community.

The school's GCSE results were the best in its history, with 71% of students achieving 5+ A\*-C grades, including English and Maths (latest available national average is 58%). Almost all 'A' Level students seeking a place at university achieved the results required to secure admission. Student attendance remains very high at around 96%.

## **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.

## **Key financial performance indicators**

The Academy Trust uses a number of financial key performance indicators to monitor financial success of the Academy Trust and progress/improvement against the targets set.

Staffing costs are monitored as a percentage of total income (excluding fixed assets). For the year ended 31 August 2013 staffing costs amounted to 76% of total income (15% of total income, including fixed assets).

The Academy Trust also monitors its operating surplus or deficit as a percentage of total income excluding fixed assets). For the year ended 31 August 2013 the operating surplus (excluding pension liabilities) equated to 2.01% of total income. (71% of total income, including fixed assets and pension liabilities).

The Academy Trust also uses a number of non-financial key performance indicators to monitor its performance. These include:

- GCSE and A level pass rates and percentage of A\*-C passes (see above)
- Staff retention and turnover rates – the Academy Trust is pleased to report that it has retained 94% of teaching staff, 0% retired and 88% of support staff, 3% retired for the forthcoming year.
- Student attendance rates (see above)

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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## **Financial review**

Most of the Academy's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Funding Agency (EFA), the use of which is restricted to particular purposes. The grants received from the DfE 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 and other funding bodies. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2013, total expenditure of £9,358,885 was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure in relation to GAG for the period was £247,956.

At 31 August 2013 the net book value of fixed assets was £36,315,693 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

## **Financial and risk management objectives and policies**

The Academy's risk management procedures are outlined above. The Trustees believe that its risk management procedures mitigate as far as reasonably possible the principal risks and uncertainties facing the Academy Trust. The Academy Trust does not have significant trade debtors as invoiced income is a minor ancillary activity. Lettings income is usually paid in advance mitigating any credit risk.

Cash flow is monitored daily by the Academy Trust and budgets presented to the Governing Body consider cash flow and liquidity in detail. The Academy has built up cash reserves which enable it to plan for future capital projects.

## **Principal risks and uncertainties**

Through the Academy's risk management procedures, it has considered its principal risks and uncertainties and planned mitigating action wherever possible. The principal risks and uncertainties identified by the Governing Body are:

- Change in government funding regime - the Academy receives 91% of its income from Government agencies
- Reduction in student numbers either through competition or a damaged reputation/falling standards - the Academy prides itself on the OFSTED grading from its 2007 inspection as a School which rated it as Outstanding, followed by the 2012 inspection as an Academy which rated it as Good with Outstanding Features, and recognises the importance of maintaining these standards
- Maintain adequate funding of pension liabilities

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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Key controls that the Academy has in place to mitigate these risks include:

- Attendance at government funding agency conferences and participation in focus groups to keep up to date with and influence as far as possible Academy funding methodology
- Appropriate organisational structure with several tiers of review
- Internal quality assurance reviews and self-assessments
- The actions being taken in order to fund the pension's deficit are detailed in note 16.

## Reserves policy

The Resources Committee of the Governing Body reviews the reserve levels of the Academy annually and recommends these to the Full Governing Body for agreement. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to one month's salary expenditure, approximately £580,000. The reason for this is to provide sufficient working capital to cover delay between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

In addition to the above, and from the current trading position, the Academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £197,719. The current level of restricted reserves is £405,410.

There is a pension deficit balance of £1,390,000 as at 31 August 2013. The Scheme deficit as shown in last years accounts of £1,448,000 was amended by the Actuary in October 2012 to £1,230,000 but was not incorporated in the accounts for the period to August 2012. Therefore an adjustment has been made in these accounts. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

## Investment policy

The Governing Body has approved a treasury management statement as part of the Financial Procedures Manual, which documents the Academy Trust's investment policy.

The Trust's investment policy is to invest surplus cash reserves on deposit with High Street banks with a high credit rating where the capital invested is guaranteed. Investment returns are reviewed during the year to ensure that returns are maximised whilst safeguarding the funds invested.

The Governors are the holders of a 3% London County Consolidated Stock which provides £23.55 interest per year. This fund dates back to 1945 and is named the Vialou Endowment and its object is to provide for the benefit of our students.

## Plans for future periods

The school's mission and aims will remain the same for the foreseeable future. It will strive for even higher standards of performance in all areas relating to its core business. Total school numbers will increase to capacity as the school remains extremely popular (over 800 applications received for 210 places). The outstanding

# East Barnet School Company Limited by Guarantee

Governors' Annual Report (*continued*)

Year ended 31 August 2013

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facilities offered by the school will be improved further. This includes more classroom spaces, better facilities and resources in Science, Technology and Physical Education.

The school year 2012-13 is the final year for the current School Development Plan 2012-13 and the planning process for the new SDP 2014-17 will be commencing in November 2013. The Senior Leadership Team will meet and consult with all staff members, Governors and members of the East Barnet School Parent Teacher Association in order to prioritise plans and developments for the next three years.

## Funds held as custodian trustee on behalf of others

Prior to becoming an academy, the predecessor school operated a separate bank account for specific social activities of pupils and staff - East Barnet School Private Fund. Funds from the East Barnet School Private Fund previously held as small cash balances held on behalf of pupils and staff for events, were incorporated into the Academy's bank account under the control of the Academy on conversion. As such, the financial position and results are consolidated into the Academy Trust's financial statements. The accounts were closed in April/May 2011 to avoid unnecessary accounting complications.

## Independent 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.

MHA Macintyre Hudson are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Approved by order of the members of the board of trustees on ..... and signed on their behalf by:

Registered office:  
5 Chestnut Grove  
Barnet  
Hertfordshire  
EN4 8PU

Signed on behalf of the Governors

Nicholas Mottershead  
Chairman

.....

# East Barnet School Company Limited by Guarantee

## Governance Statement

Year ended 31 August 2013

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### Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that East Barnet 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 Head teacher, 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 East Barnet School and the Secretary of State for Education. The Head teacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the period at meetings of the Governing Body was as follows:

<b>Governor</b>		<b>Meetings attended</b>	<b>Out of a possible</b>
Mr N Mottershead	Chair of Governors (from October 2011)	4	4
Mr N Christou	Headteacher & Accounting Officer	4	4
Mr C Costigan	Vice Chair	3	4
Mrs Z Ansell		4	4
Ms F Armstrong		4	4
Mrs D Cuthbert		4	4
Mrs S Donald		4	4
Mr S Harrison		4	4
Mr J Hewlings		4	4
Mr J Ireton		4	4
Mr M Knott	Chair of Resources Committee	4	4
Mrs C Little		4	4
Mrs J Merryweather		4	4
Mr R Mobbs		4	4
Mr R Parker		4	4
Mr C Patsalis		2	4
Mrs C Roncarati		3	4
Mrs A Sweet		4	4
CIlr Mrs J Tambourides		2	4
Mr D Wilkinson	Chair of Audit Committee	4	4
Mrs S Waters	Company Secretary/Bursar	3	4



# East Barnet School Company Limited by Guarantee

## Governance Statement *(continued)*

Year ended 31 August 2013

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The members of the Governing Body have close links with the school, either as parents, grand-parents, members of staff, or parents/ex-parents of students. Many Parent governors and others have a teaching/education background. During the period covered by this report, the Governing Body undertook a skills audit which identified that it required members with managerial, business and financial/accounting expertise.

It was particularly important that these issues were quickly addressed as the school made the change to Academy status. Resignations during the period meant that Community Governors vacancies could be filled appropriately; and the knowledge, expertise and help the appointees have provided has shown that wise choices were made.

The Governing Body also had the opportunity to appoint a retired senior H.M.I. to strengthen our governance role in the area of raising educational standards and attainment.

**The Resources (Finance & Premises) Committee** is a sub-committee of the main Governing Body, comprising governors of East Barnet School plus the Bursar, Senior Caretaker and other relevant members of the school Senior Management Team as non-voting members.

Its purpose is to develop a long-term building and accommodation strategy for the school, in conjunction with the School Development Plan; to assist the school management on specific building issues; to maintain and develop the accommodation of the school in line with the School Development Plan and to ensure its efficient use within the budget; and to monitor observance and implementation of the Financial Responsibilities of the Governing Body.

Parent Governor, D Wilkinson, is a qualified accountant and, from September 2013, will chair the Audit Committee.

Attendance at meetings in the period was as follows:

<b>Governor</b>		<b>Meetings attended</b>	<b>Out of a possible</b>
Mr M Knott	Chair of Resources Committee	4	6
Mr N Mottershead	Chair of Governors	6	6
Mr N Christou	Head teacher & Accounting Officer	6	6
Mrs S Donald	Staff Governor	5	6
Mr J Hewlings		5	6
Mrs C Little		4	6
Mr J Ireton		6	6
Mr R Mobbs		6	6
Mr D Wilkinson		5	6
Mrs S Waters	Company Secretary/Bursar	6	6

### **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. There is a Whistle-blowing Policy in place and the system of internal control is based

# East Barnet School Company Limited by Guarantee

## Governance Statement *(continued)*

Year ended 31 August 2013

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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 East Barnet School for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

### Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 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 Resources (Finance & Premises) Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure 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 Mercer & Hole, Chartered Accountants, to support the Responsible Officer ('RO') role by undertaking testing on a termly basis. 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 termly 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 Governing Body confirms that the RO function has been fully delivered in line with the EFA's requirements. The only material control issue related to the initial 17 month period to 31 August 2012 which was reported by the Academy to the Governing Body in and further identified in the RO's work was the difficulties of operation and the lack of reporting from the Sage 1000 accounting software package. Key members of the Governing Body were closely involved in supporting the Academy and in jointly overseeing remedial action prior to 31 August 2012.

# East Barnet School Company Limited by Guarantee

Governance Statement *(continued)*

Year ended 31 August 2013

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The situation was rectified successfully by replacing the Sage system with PS Financials accounting software which was installed and became operational from September 2012. This concern was mentioned in the Autumn 2012 Report and then cleared by the RO in the Spring 2013 Report and no further issues have been identified.

## Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources 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 .....and signed on its behalf by:

.....  
Mr N. J. Mottershead  
Trust Member and Chair of Governors

.....  
Mr N Christou  
Accounting Officer

# **East Barnet School Company Limited by Guarantee**

## **Statement on Regularity, Propriety and Compliance**

**Year ended 31 August 2013**

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As accounting officer of East Barnet School I have considered my responsibility to notify the academy trust's Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 N Christou  
Accounting Officer

# East Barnet School Company Limited by Guarantee

## Statement of Trustees' Responsibilities

Year ended 31 August 2013

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The trustees (who act as governors of East Barnet School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees 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 trustees 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 trustees 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 EFA/DfE have been applied for the purposes intended.

The trustees 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 board of trustees on ..... and signed on its behalf by:

.....  
Mr N. J. Mottershead  
Trust Member and Chair of Governors

# **East Barnet School Company Limited by Guarantee**

## **Independent Auditor's Report to the Members of East Barnet School**

**Year ended 31 August 2013**

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We have audited the financial statements of East Barnet School for the year ended 31 August 2013 which comprises the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies: Accounts Direction 2011/12 issued by the Education Funding Agency.

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

### **Respective responsibilities of governors and auditors**

As explained more fully in the Responsibilities of the Governors (set out on pages 14 to 15), the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and 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 academy's affairs as at year ended 31 August 2013 and of its incoming resources and application of resources including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

# East Barnet School Company Limited by Guarantee

Independent Auditor's Report to the Members of East Barnet School *(continued)*

Year ended 31 August 2013

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

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

## Matters on which we are required to report by exception

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

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

Euro House  
1394 High Road  
London  
N20 9YZ

.....

BRENDAN SHARKEY (Senior  
Statutory Auditor)  
For and on behalf of  
MHA MACINTYRE HUDSON  
Chartered Accountants  
& Statutory Auditor

# **East Barnet School Company Limited by Guarantee**

## **Independent Reporting Accountant's Assurance Report on Regularity to East Barnet School and the Education Funding Agency (*continued*)**

**Year ended 31 August 2013**

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In accordance with the terms of our engagement letter 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 East Barnet School during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to East Barnet School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to East Barnet 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 East Barnet School and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of East Barnet School's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of East Barnet School's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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.



**East Barnet School  
Company Limited by Guarantee**

**Independent Reporting Accountant's Assurance Report on Regularity to East Barnet School and the  
Education Funding Agency (*continued*)**

**Year ended 31 August 2013**

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**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.

Euro House  
1394 High Road  
London  
N20 9YZ

MHA MACINTYRE HUDSON  
Chartered Accountants

.....

# East Barnet School Company Limited by Guarantee

## Statement of Financial Activities (Incorporating the Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Year ended 31 August 2013

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 17 month period 2012 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	1	7,719	23,867	–	31,586	38,283,108
		<u>7,719</u>	<u>23,867</u>	<u>–</u>	<u>31,586</u>	<u>38,283,108</u>
Activities for generating funds	2	444,172	45,472	–	489,644	554,795
Investment income	3	17,260	–	–	17,260	17,460
Incoming resources from charitable activities:						
Funding for academy's educational operations	4	–	8,377,713	21,831	8,399,544	11,417,944
<b>Total incoming resources</b>		<u>469,151</u>	<u>8,447,052</u>	<u>21,831</u>	<u>8,938,034</u>	<u>50,273,307</u>
<b>Resources expended</b>						
Charitable activities						
Educational operations:	6	370,654	8,116,377	805,274	9,292,305	12,923,034
Governance costs	7	–	66,580	–	66,580	41,602
<b>Total resources expended</b>		<u>370,654</u>	<u>8,182,957</u>	<u>805,274</u>	<u>9,358,885</u>	<u>12,964,636</u>
<b>Net (outgoing)/incoming resources before transfers</b>	8	<u>98,497</u>	<u>264,095</u>	<u>(783,443)</u>	<u>(420,851)</u>	<u>37,308,671</u>
Gross transfers between funds		–	(182,638)	182,638	–	–
<b>Net (expenditure)/income for the year</b>		<u>98,497</u>	<u>81,457</u>	<u>(600,805)</u>	<u>(420,851)</u>	<u>37,308,671</u>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes		–	95,000	–	95,000	(368,000)
Pension scheme liability transferred		–	–	–	–	(1,066,000)
<b>Net movement in funds</b>		<u>98,497</u>	<u>176,457</u>	<u>(600,805)</u>	<u>(325,851)</u>	<u>35,874,671</u>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2012		<u>99,222</u>	<u>(1,141,048)</u>	<u>36,916,498</u>	<u>35,874,672</u>	<u>–</u>
<b>Total funds carried forward at 31 August 2013</b>		<u>197,719</u>	<u>(964,591)</u>	<u>36,315,693</u>	<u>35,548,821</u>	<u>35,874,671</u>

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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The accounting policies and notes on pages 29 to 33 form part of these financial statements.

# East Barnet School Company Limited by Guarantee

## Balance Sheet

31 August 2013

		2013	Total Funds 17 month period 2012
		£	£
<b>Fixed assets</b>			
Tangible assets	12	36,315,693	36,916,498
<b>Current assets</b>			
Stocks		12,812	5,000
Debtors	13	182,402	211,380
Cash at bank and in hand		867,163	1,069,893
		<u>1,062,377</u>	<u>1,286,273</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(439,249)</u>	<u>(880,100)</u>
<b>Net current assets</b>		<b>623,128</b>	<b>406,173</b>
<b>Total assets less current liabilities</b>		<u><b>36,938,821</b></u>	<u>37,322,671</u>
<b>Provisions for liabilities</b>			
Pension scheme liability	15	<u>(1,390,000)</u>	<u>(1,448,000)</u>
<b>Net assets including pension liability</b>		<u><b>£35,548,821</b></u>	<u>£35,874,671</u>
<b>Funds of the academy trust:</b>	17		
<b>Restricted income funds:</b>			
Fixed asset fund		36,315,692	36,916,498
General funds		425,410	306,952
Pension reserve	15	<u>(1,390,000)</u>	<u>(1,448,000)</u>
<b>Total restricted income funds</b>		<b>35,351,102</b>	<b>35,775,450</b>
<b>Unrestricted income funds:</b>			
General fund		<u>197,719</u>	<u>99,221</u>
<b>Total funds</b>		<u><b>£35,548,821</b></u>	<u>£35,874,671</u>

These financial statements were approved by the Governors, and authorised for issue on ..... and are signed on their behalf by:

Mr N Mottershead  
Chair of Governors

Mr M Knott  
Chair of Finance

Company Registration Number: 07552702

**The accounting policies and notes on pages 29 to 33 form part of these financial statements.**

**East Barnet School  
Company Limited by Guarantee**

**Cash Flow Statement**

**Year ended 31 August 2013**

	Note	2013 £	£	17 month period 2012 £
<b>Net cash inflow from operating activities</b>	<b>23</b>		<b>(15,521)</b>	1,121,661
<b>Returns on investments and servicing of finance</b>	<b>24</b>			
Interest received		<u>17,260</u>		<u>17,460</u>
Net cash inflow from returns on investments and servicing of finance			<b>17,260</b>	17,460
<b>Capital expenditure</b>	<b>25</b>		<b>(204,470)</b>	(69,228)
<b>Increase in cash in the year</b>			<b><u>£202,730</u></b>	<b><u>£1,069,893</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>				
			<b>2013 £</b>	<b>17 month period 2012 £</b>
Net funds at 1 September 2012			<b>1,069,893</b>	–
Movement in the year			<b>(202,730)</b>	(1,069,893)
<b>Net funds at 31 August 2013</b>			<b><u>867,163</u></b>	<b><u>1,069,893</u></b>

The accounting policies and notes on pages 29 to 33 form part of these financial statements.

# East Barnet School Company Limited by Guarantee

## Accounting Policies

Year ended 31 August 2013

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### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), the 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.

### **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.

### **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

# East Barnet School Company Limited by Guarantee

Accounting Policies *(continued)*

Year ended 31 August 2013

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## **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 excluding VAT, where recoverable.

## **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.

## **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 Education Funding Agency where the asset acquired or created is held for a specific purpose.

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

# East Barnet School Company Limited by Guarantee

## Accounting Policies *(continued)*

Year ended 31 August 2013

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### 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.

Assets transferred at inception have been included at the fair value.

Depreciation on fixed 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 Trust's depreciation policy.

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.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	-	25% straight line
Fixtures & fittings	-	15% straight line
Motor vehicles	-	25% straight line
Leasehold property	-	over the term of the lease

### Stocks

Stock is valued at the lower of cost and net realisable value.

### Operating lease agreements

Rentals under operating leases are charged over the lease term.

# East Barnet School Company Limited by Guarantee

Accounting Policies *(continued)*

Year ended 31 August 2013

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## **Pension costs**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, 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.

## **Going concern**

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

## **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.



# **East Barnet School Company Limited by Guarantee**

**Accounting Policies** *(continued)*

**Year ended 31 August 2013**

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## **Conversion to academy trust**

The conversion from a state maintained school to an Academy Trust on 1 April 2011, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and had been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from East Barnet School to the Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for East Barnet School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

# East Barnet School Company Limited by Guarantee

## Notes to the Financial Statements

Year ended 31 August 2013

### 1. Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
Parental contributions	15	-	15	-
Transfer from Local Authority on conversion	-	-	-	38,222,560
Fundraising by students	-	9,282	9,282	7,997
Student Bursary	-	-	-	1,000
Jack Petchey Award	1,800	-	1,800	1,800
PTA Donations	5,904	-	5,904	12,237
Vex Robotic Donations	-	9,490	9,490	6,788
Revenue	-	-	-	29,012
Donations	-	5,095	5,095	1,714
	<u>7,719</u>	<u>23,867</u>	<u>31,586</u>	<u>38,283,108</u>

### 2. Incoming resources from activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
Rental income	44,809	-	44,809	43,854
Catering income	233,827	-	233,827	267,763
Reprographics income	800	-	800	45
Sale of instruments to students	-	-	-	2,002
Other income	164,736	45,472	210,208	241,131
	<u>444,172</u>	<u>45,472</u>	<u>489,644</u>	<u>554,795</u>

### 3. Investment income

	Unrestricted Funds £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
Bank interest receivable	17,260	17,260	17,460

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 August 2013

## 4. Funding for academy's educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	7,575,997	–	7,575,997	10,272,997
Other government grants	10,700	21,831	32,531	102,144
Pupil Premium	192,693	–	192,693	73,600
Local authority SEN income	304,887	–	304,887	434,234
	<u>8,084,277</u>	<u>21,831</u>	<u>8,106,108</u>	<u>10,882,975</u>
<b>Other Government grants</b>				
Other government grants	44,628	–	44,628	144,057
LBB grants	–	–	–	124,070
	<u>44,628</u>	<u>–</u>	<u>44,628</u>	<u>268,127</u>
<b>Other income</b>				
Trip income	248,808	–	248,808	266,842
	<u>248,808</u>	<u>–</u>	<u>248,808</u>	<u>266,842</u>
	<u>8,377,713</u>	<u>21,831</u>	<u>8,399,544</u>	<u>11,417,944</u>

## 5. Resources expended

	Staff costs £	Premises £	Other support costs £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
<b>Academy's educational operations:</b>					
Direct costs	5,967,252	805,274	705,671	7,478,197	10,847,927
Support Costs	838,707	403,541	571,860	1,814,108	2,075,107
	<u>6,805,959</u>	<u>1,208,815</u>	<u>1,277,531</u>	<u>9,292,305</u>	<u>12,923,034</u>
Governance costs including allocated support costs	–	–	66,580	66,580	41,602
	<u>6,805,959</u>	<u>1,208,815</u>	<u>1,344,111</u>	<u>9,358,885</u>	<u>12,964,636</u>

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 6. Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
<i>Direct costs</i>					
Teaching & educational support staff	60,926	5,906,325	–	5,967,251	8,268,526
Depreciation	–	–	805,274	805,274	1,341,828
Educational supplies	–	411,382	–	411,382	704,759
Examination fees	–	135,719	–	135,719	218,885
Staff development	2,346	39,532	–	41,878	60,801
Educational consultancy	–	25,206	–	25,206	35,282
Sports education development costs	–	69,758	–	69,758	217,846
Mobile construction workshop costs	2,704	19,025	–	21,729	–
	<u>65,976</u>	<u>6,606,947</u>	<u>805,274</u>	<u>7,478,197</u>	<u>10,847,927</u>
<i>Allocated support costs</i>					
Support staff costs	141,333	681,435	–	822,768	876,192
Allocated support costs	12,468	3,470	–	15,938	60,632
Recruitment and support	–	17,486	–	17,486	12,586
Maintenance of premises & equipment	–	187,221	–	187,221	162,533
Light and Heat	–	115,816	–	115,816	151,721
Cleaning	–	143,741	–	143,741	204,760
Insurance	–	55,952	–	55,952	82,966
Security & transport	–	22,702	–	22,702	20,552
Catering	133,849	–	–	133,849	159,418
Interest and charges	1,648	42,174	–	43,822	85,616
Other administrative costs	15,380	153,251	–	168,631	157,238
Other support costs	–	86,182	–	86,182	100,893
	<u>304,678</u>	<u>1,509,430</u>	<u>–</u>	<u>1,814,108</u>	<u>2,075,107</u>
	<u>370,654</u>	<u>8,116,377</u>	<u>805,274</u>	<u>9,292,305</u>	<u>12,923,034</u>

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 7. Governance costs

	Restricted Funds £	Total Funds 2013 £	Total Funds 17 Month Period 2012 £
Accountancy fees (governance)	14,359	14,359	2,183
Audit fees	8,650	8,650	8,650
Financial advice	-	-	2,000
Legal and professional fees (governance)	37,755	37,755	18,330
Responsible officer audit	1,381	1,381	1,500
Support costs	3,871	3,871	8,178
Governors' reimbursed expenses	564	564	761
	<u>66,580</u>	<u>66,580</u>	<u>41,602</u>

## 8. Net incoming/ (outgoing) resources for the year

This is stated after charging:

	2013 £	17 Month Period 2012 £
Operating leases	11,456	8,536
Fees payable to auditor:		
Audit	8,650	8,650
Other services	14,359	2,183
Depreciation	805,275	1,341,828

## 9. Staff costs and emoluments

	2013 £	17 Month Period 2012 £
Wages and salaries	5,645,305	7,565,663
Social security costs	493,204	607,793
Other pension costs	667,450	971,262
	<u>£6,805,959</u>	<u>£9,144,718</u>

### Particulars of employees:

The average number of employees during the year/period,

	2013	17 Month Period 2012
Teachers	96	102
Administration and support	63	84
	<u>159</u>	<u>186</u>

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 August 2013

The number of employees, whose remuneration for the year fell within the following bands, was:

	2013	17 Month Period 2012
£60,000 to £69,999	11	19
£70,000 to £79,999	3	16
£80,000 to £89,999		4
£90,000 to £99,999		1
£100,000 to £109,999	1	
£140,000 to £149,999		1
	<u>15</u>	<u>41</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £126,100 (2012: £408,213 for 17 months).

## 10. Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors. The value of the governor's remuneration and pension in the period to 31 August 2013 was as follows:

	2013		17 Month Period 2012	
	Salary	Pension	Salary	Pension
N Christou (Principal)	£100k – £105k	£10k - £15k	£140k – £145k	£20k – £25k
Staff Governor 1	£50k – £55k	£5k - £10k	£75k – £80k	£10k – £15k
Staff Governor 2	£25k - £30k	£1k – £5k	£35k – £40k	£5k – £10k
Staff Governor 3	£15k – £20k	£1k – £5k	£25k – £30k	£5k – £10k

Expenses of £564 (2012: £761) were paid to governors during the year.

## 11. 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 £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,660 (2012: £1,540).

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 August 2013

## 12. Tangible fixed assets

	Leasehold Land and property £	Equipment £	Computer equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 September 2012	37,267,080	607,720	365,526	18,000	38,258,326
Additions	95,419	66,413	42,638	–	204,470
<b>At 31 August 2013</b>	<b>£37,362,499</b>	<b>£674,133</b>	<b>£408,164</b>	<b>£18,000</b>	<b>£38,462,796</b>
<b>Depreciation</b>					
At 1 September 2012	1,094,542	128,937	111,974	6,375	1,341,828
Charge for the year	606,707	99,103	94,965	4,500	805,275
<b>At 31 August 2013</b>	<b>£1,701,249</b>	<b>£228,040</b>	<b>£206,939</b>	<b>£10,875</b>	<b>£2,147,103</b>
<b>Net book value</b>					
<b>At 31 August 2013</b>	<b>35,661,250</b>	<b>446,093</b>	<b>201,225</b>	<b>7,125</b>	<b>36,315,693</b>
At 31 August 2012	36,172,538	478,783	253,552	11,625	36,916,498

Additions of leasehold property improvements of £95,419 during the year have not been depreciated until they are brought into use as per the policy of the Academy.

## 13. Debtors

	2013 £	17 month period 2012 £
Trade debtors	21,183	9,013
Other debtors	57,571	125,867
Prepayments and accrued income	103,648	76,500
	<b>£182,402</b>	<b>£211,380</b>

## 14. Creditors: Amounts falling due within one year

	2013 £	17 month period 2012 £
Trade creditors	37,402	189,261
Taxation and social security	131,369	128,396
Other creditors	4,484	403,908
Accruals and deferred income	265,994	158,535
	<b>£439,249</b>	<b>£880,100</b>

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

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## Deferred Income

	2013 £	17 month period 2012 £
Deferred income brought forward	118,039	-
Resources deferred in the year	156,434	118,039
Amounts released from previous year	(118,039)	-
Deferred income carried forward	<u>£156,434</u>	<u>£118,039</u>

Deferred income held at 31 August 2013 represents funds received in advance for the following purposes:

	2013 £	17 month period 2012 £
Trips	35,545	35,828
Capital grants	15,356	10,862
Other government grants	84,895	43,463
Other deferred income	20,638	27,886
	<u>£156,434</u>	<u>£118,039</u>



# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

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## 15. Pensions and similar obligations

### Teachers' Pension Scheme

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 Strictly Education. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### 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.

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

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## 15. Pensions and similar obligations *(continued)*

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

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

### Teachers' Pension Scheme Changes

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

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

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. The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial loss

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

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## 15. Pensions and similar obligations *(continued)*

recognised in the Statement of Financial Activities since the adoption of FRS17 is a £324,000 loss.

### Local Government Pension Scheme

#### Introduction

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 £255,000, of which employer's contributions totalled £203,000 and employees' contributions totalled £52,000. The agreed contribution rates for future years are 24.8 per cent for employers. The contribution rate for employees is determined by reference to their full time equivalent pay as follows:-

Band	Whole time pay rate	Contribution rate
1	£0 to £13,700	5.5%
2	£13,701 to £16,100	5.8%
3	£16,101 to £20,800	5.9%
4	£20,801 to £34,700	6.5%
5	£34,701 to £46,500	6.8%
6	£46,501 to £87,100	7.2%
7	More than £87,100	7.5%

### Principal actuarial assumptions

	At 31 Aug 2013	At 31 Aug 2012
	%	%
Discount rate	4.7	3.9
Expected return on scheme assets	6.2	5.2
Rate of increase in salaries	5.1	4.1
Rate of increase in pensions payment	2.9	1.9

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 years		
Males	22.1	22.0
Females	26.0	25.9

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 15. Pensions and similar obligations *(continued)*

### Sensitivity analysis

	£000's	£000's	£000's
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,459	2,525	2,594
Projected service cost	212	219	226
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	2,432	2,525	2,620
Projected service cost	209	219	229

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

	Expected return at 31 Aug 2013	Fair value at 31 Aug 2013	Expected return at 31 Aug 2012	Fair value at 31 Aug 2012
	%	£	%	£
Equities	7.1	761,000	6.4	520,000
Bonds	4.4	363,000	3.9	308,000
Property	5.0	–	4.3	58,000
Cash	0.5	11,000	0.5	–
Gilts	–	–	2.8	77,000
<b>Total market value of assets</b>		<b>1,135,000</b>		963,000
Present value of scheme liabilities - funded		<b>(2,525,000)</b>		(2,411,000)
<b>Deficit in the scheme</b>		<b>(1,390,000)</b>		<b>(1,448,000)</b>

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

### Amounts recognised in the Statement of Financial Activities

	2013 £	17 Month Period 2012 £
Current service cost (net of employee contributions)	204,000	253,000
<b>Total operating charge</b>	<b>204,000</b>	<b>253,000</b>

### Analysis of pension finance income/ (costs)

	2013 £	17 Month Period 2012 £
Expected return on pension scheme assets	48,000	71,000
Interest on pension liabilities	(84,000)	(154,000)
<b>Pension finance income/(costs)</b>	<b>(36,000)</b>	<b>(83,000)</b>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities.

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 15. Pensions and similar obligations *(continued)*

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is £324,000 loss (2012: £368,000 loss).

The estimated value of employer contributions for the year ended 31 August 2014 is £207,000.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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

	2013 £	17 Month Period 2012 £
At 1 September 2012	2,411,000	1,509,000
Adjustment to prior year valuation	(384,000)	-
Current service cost	204,000	253,000
Interest on pension liabilities	84,000	154,000
Employee contributions	52,000	81,000
Actuarial gain/(loss)	136,000	402,000
Benefits paid	22,000	12,000
<b>At 31 August 2013</b>	<b><u>2,525,000</u></b>	<b><u>2,411,000</u></b>

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

	2013 £	17 Month Period 2012 £
At 1 September 2012	963,000	443,000
Adjustment to prior year valuation	(166,000)	-
Expected return on pension scheme assets	48,000	71,000
Actuarial gain/loss	13,000	34,000
Employer contributions	203,000	322,000
Employee contributions	52,000	81,000
Benefits paid	22,000	12,000
<b>At 31 August 2013</b>	<b><u>1,135,000</u></b>	<b><u>963,000</u></b>

The Scheme deficit as shown in last years accounts of £1,448,000 was amended by the Actuary in October 2012 to £1,230,000 but was not incorporated in the accounts for the period to August 2012. Therefore an adjustment to the opening balance has been made in these accounts.

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 15. Pensions and similar obligations *(continued)*

### Reconciliation of opening and closing deficit:

	2013 £	17 Month Period 2012 £
Opening Deficit/Pension scheme liability transferred	(1,448,000)	(1,066,000)
Adjustment to prior year valuation	218,000	
Current service cost (net of employee contributions)	(204,000)	(253,000)
Employer contributions	203,000	322,000
Other finance income/(costs)	(36,000)	(83,000)
Actuarial gain/(loss)	(123,000)	(368,000)
<b>Deficit at 31 August 2013</b>	<b>(1,390,000)</b>	<b>(1,448,000)</b>

### The five year history of experience adjustments is as follows:

	2013 £	17 Month period 2012 £
Present value of defined benefit obligations	(2,525,000)	(2,399,000)
Fair value of share of scheme assets	1,135,000	951,000
<b>Deficit in the scheme</b>	<b>(1,390,000)</b>	<b>(1,448,000)</b>
 Experience adjustments on share of scheme assets	 13,000	 34,000
Experience adjustments on scheme liabilities	-	-

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

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## 16. Commitments under operating leases

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets other than Land and buildings</b>	
	<b>2013</b>	17 Month period 2012
	£	£
<b>Operating leases which expire:</b>		
Within 1 year	<b>3,348</b>	8,536
Within 2 to 5 years	<b>8,108</b>	-
	<b><u>£11,456</u></b>	<b><u>£8,536</u></b>

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 17. Funds

	Balance at 1 Sep 2012 £	Incoming resources £	Resources expended £	Gains and losses £	Transfer £	Balance at 31 Aug 2013
<b>Restricted general funds</b>						
General annual grant (GAG)	152,886	7,575,997	(7,298,289)	-	(182,638)	247,956
Other DfE/EFA grants	-	508,280	(508,280)	-	-	-
Defined benefit pension scheme	(1,448,000)	-	(37,000)	95,000	-	(1,390,000)
Other grants	154,066	362,775	(339,387)	-	-	177,454
	<u>(1,141,048)</u>	<u>8,447,052</u>	<u>(8,182,956)</u>	<u>95,000</u>	<u>(182,638)</u>	<u>(964,590)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grant	67,916	21,831	(1,957)	-	182,638	270,428
Transferred to Academy on conversion	36,848,582	-	(803,318)	-	-	36,045,264
	<u>36,916,498</u>	<u>21,831</u>	<u>(805,275)</u>	<u>-</u>	<u>182,638</u>	<u>36,315,692</u>
Total restricted funds	<u>35,775,450</u>	<u>8,468,883</u>	<u>(8,988,231)</u>	<u>95,000</u>	<u>-</u>	<u>35,351,102</u>
<b>Unrestricted funds</b>						
General unrestricted funds	99,222	469,151	(370,654)	-	-	197,719
Total unrestricted funds	<u>99,222</u>	<u>469,151</u>	<u>(370,654)</u>	<u>-</u>	<u>-</u>	<u>197,719</u>
Total funds	<u>35,874,672</u>	<u>8,938,034</u>	<u>(9,358,885)</u>	<u>95,000</u>	<u>-</u>	<u>35,548,821</u>

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Following a deed of variation to the original 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.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, sports bursary for which income received is used to cover costs in association with the activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. On 1 April 2011, an amount of £1,066,000 was transferred to the Academy in respect of the deficit on this pension scheme at the date of conversion to the Academy.

The transfer between the restricted General Annual Grant fund and restricted Fixed Asset Funds represents amounts capitalised during the period.

The restricted Fixed Asset fund was funded predominantly by the funds inherited on conversion to an Academy from the local authority following the transfer of the land and buildings.



# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 August 2013

## 18. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset fund £	Total £
Tangible fixed assets	–	–	36,315,692	36,315,692
Current assets	197,719	425,410	–	623,129
Pension scheme liability	–	(1,390,000)	–	(1,390,000)
	<u>197,719</u>	<u>(964,590)</u>	<u>36,315,692</u>	<u>35,548,821</u>

## 19. Conversion to an Academy Trust

On 1 April 2011 East Barnet School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to East Barnet School from the London Borough of Barnet Local Authority for £nil consideration.

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

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

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets	–	–	37,267,080	37,267,080
Freehold/leasehold land & buildings	–	–	37,267,080	37,267,080
Other tangible fixed assets	–	–	922,018	922,018
Budget surplus on LA funds	–	33,462	–	33,462
LGPS pension (deficit)	–	(1,066,000)	–	(1,066,000)
<b>Net assets/(liabilities)</b>	<u>–</u>	<u>(1,032,538)</u>	<u>38,189,098</u>	<u>37,156,560</u>

The above net (assets/liabilities) includes £33,462 that were transferred as cash.

The land and buildings are leasehold and the lease term is 125 years.

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

## 20. Related party transactions

Owing to the nature of the Academy's operations and composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable the Academy will have transactions for goods and services and working arrangements with organisations in which a Governor, or a related part of a Governor, may have an interest. All such interests are disclosed at Governors' meetings and such Governors do not participate in decisions relating the procurement procedures of the Academy.

Ms F Armstrong is an employee of the London Borough of Barnet and, in that capacity, is a Director of Barnet Education Business Partnership (charity). During the year, purchases totalling £6,040 (2012: £36,055) were made from Barnet Education Business Partnership. The amount due to the charity at the year end was £nil (2012:£nil). The transactions were at arm's length.

Ms C Roncarati's father, Mr R Seller is the owner of R.P.M. Engineering. During the year, his garage provided MOT and service totalling £1,444 (2012: £nil). The transactions were at arm's length.

Cllr Mrs J Tambourides and her husband are Councillors for London Borough of Barnet. In their capacity as Councillors, they are not directly involved in making decisions relating to transactions with the Academy. Therefore, no transactions with London Borough of Barnet need to be disclosed.

## 21. Ultimate controlling party

There is no ultimate controlling party.

## 22. Company limited by guarantee

The Academy Trust is a company limited by guarantee and does not have share capital.

## 23. Reconciliation of net incoming resources to net cash inflow from operating activities

	2013	17 Month Period 2012
	£	£
Net incoming resources before transfers	(420,851)	37,308,671
Depreciation	805,275	1,341,828
Fixed assets transferred from local authority on conversion	-	(38,189,098)
Interest receivable	(17,260)	(17,460)
FRS 17 Pension cost less contributions payable	1,000	(69,000)
FRS 17 pension finance income	36,000	83,000
Decrease/(increase)in stocks	(7,812)	(5,000)
Decrease/(increase)in debtors	28,978	(211,380)
(Decrease)/increase in creditors	(440,851)	880,100
<b>Net cash inflow from operating activities</b>	<b>(15,521)</b>	<b>1,121,661</b>

## 24. Returns on investments and servicing of finance

	2013	17 Month Period 2012
	£	£
Interest received	17,260	17,460

# East Barnet School Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2013

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## 25. Capital expenditure

	2013 £	17 Month Period 2012 £
Purchase of tangible fixed assets	<u>204,470</u>	<u>38,258,326</u>
<b>Net cash outflow from capital expenditure and financial investment</b>	<u><b>204,470</b></u>	<u><b>38,258,326</b></u>

## 26. Analysis of changes in net funds

	1 Sep 12 £	Cash flows £	31 Aug 13 £
Cash in hand and at bank	1,069,893	(202,730)	867,163

## 27. 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.