

COMPANY REGISTRATION NUMBER 07552702

**East Barnet School
Company Limited by Guarantee
Financial Statements
31 August 2012**

MHA MACINTYRE HUDSON

Chartered Accountants & Statutory Auditor
Euro House
1394 High Road
London
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East Barnet School Company Limited by Guarantee

Financial Statements

Period ended 31 August 2012

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East Barnet School Company Limited by Guarantee

Reference and Administrative Details

| | | |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name | East Barnet School | |
| Company Registration Number | 07552702 | |
| Principal Office | Chestnut Grove East Barnet Hertfordshire EN4 8PU | |
| Governors & Members of the Academy Trust | Mr N Mottershead *++ Mr J Hewlings *++ Mr D Fairley ++ Mr C Costigan + Mr M Knott *+ | Chair of Governors Trust member until 15 October 2012 Trust member until 17 October 2011 Trust member from 17 October 2011 Trust member from 15 October 2012 |
| Governors | Mr N Christou *+ Mrs Z Ansell + Ms F Armstrong + Mrs D Cuthbert + Mrs S Donald *+ Mrs C Little *+ Mr R Parker + Mr C Patsalis + Mrs C Roncrati + Mrs A Sweet + Cllr Mrs J Tambourides + Mr S Harrison Mr J Ireton * Mrs J Merryweather Mr R Mobbs * Mr D Wilkinson * Mr J Ball *+ Mrs L Benjamin Mr D Fairley ++ Ms C Herson | Headteacher & Accounting Officer Appointed 12 June 2012 Appointed 6 June 2012 Appointed 1 June 2012 Appointed 12 June 2012 Appointed 1 December 2011 Resigned 31 May 2012 Resigned February 2012 Resigned 6 June 2012 Resigned February 2012 |

* Members of the Resources (Finance and Premises) Committee

All Governors are Directors of the Academy Trust Company (except Mrs Benjamin and Ms Herson who resigned prior to directorships being agreed). Those marked ++ were Governors of the predecessor school and are the initial Governors, Directors and Academy Trust members appointed as at 4th March 2011 on the incorporation of the company prior to the conversion to Academy status as at 1 April 2011. Those marked + were Governors of the predecessor school and were the first Governors of the Academy, East Barnet School, who were appointed as Directors by the three Academy Trust Members on 20th February 2012. New Governors from June 2012 were appointed at a meeting of the Academy Trust on 11th June 2012. The Academy Trust Members in post as at 15th

East Barnet School Company Limited by Guarantee

Reference and Administrative Details

October 2012 are Mr N Mottershead, Mr C Costigan and Mr M Knott.

| | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Secretary | Mrs S Waters |
| 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 SE1 9BB |

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Governors' Annual Report

Period ended 31 August 2012

The Governors, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charitable company for the period ended 31 August 2012.

Reference and administrative details

Reference and administrative details are shown in the schedule of reference and administrative details on pages 3 to 4 of the financial statements.

The Governors

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

Mr N Mottershead*
Mr J Hewlings*
Mr C Costigan
Mr M Knott
Mr N Christou*
Mrs Z Ansell
Ms F Armstrong
Mrs D Cuthbert
Mrs S Donald*
Mrs C Little*
Mr R Parker
Mr C Patsalis
Mrs C Roncrati
Mrs A Sweet
Cllr Mrs J Tambourides

Mr S Harrison (appointed 12 June 2012)
Mr J Ireton* (appointed 6 June 2012)
Mrs J Merryweather (appointed 1 June 2012)
Mr R Mobbs* (appointed 12 June 2012)
Mr D Wilkinson* (appointed 1 December 2011)

Mr J Ball* (Resigned 31 May 2012)
Mrs L Benjamin (Resigned February 2012)
Mr D Fairley (Resigned 6 June 2012)
Ms C Herson (Resigned February 2012)

* Members of the Resources (Finance and Premises) Committee

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Governors' Annual Report

Period ended 31 August 2012

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The company was incorporated on 4th 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.

It was decided that the accounting reference date would be changed from 31st March to 31st August and that the initial accounting period would be 17 months from 1 April 2011 to 31 August 2012.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

Members' liability

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

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.

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Governors' Annual Report

Period ended 31 August 2012

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 postholders 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 4th 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 determined at the Full Governing Body Meeting on 17 October 2011. Mr N Mottershead was elected as Chairman, Mr J Hewlings was elected as Vice Chairman and Mr C Costigan was also elected as Vice Chairman, superseding Mr D Fairley.

The Trust Members from October 2012 were determined at the Full Governing Body Meeting on 15 October 2012. Mr N Mottershead was elected as Chairman, Mr J Hewlings stood down as Vice Chairman, Mr C Costigan was elected as Vice Chairman and Mr M Knott became the third Trust Member as Chairman of the Resources (Finance) Committee.

No other Trust Members have been appointed in the period to date.

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Governors' Annual Report

Period ended 31 August 2012

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 Headteacher and Senior Leadership Team (which includes the Deputy Headteacher, four Associate Deputy Headteachers 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 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

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Governors' Annual Report

Period ended 31 August 2012

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 Business Partnership (charity) and a Trustee of the Domestic Violence Support Service (charity) and the Barnet Law Service (charity).

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.

Mr D Wilkinson is a Shareholder and Director of Weaver-AFS Ltd, Affililabs Ltd, Viral Mobile Ltd and Inova-Power Ltd.

During the period purchases totalling £36,055 were made from Barnet Education Business Partnership. The amount due to the charity at the period end was £nil.

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

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Period ended 31 August 2012

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.

Objectives, strategies and activities

The Academy's core vision is encompassed in its mission statement together with the aims of the Academy during the period ended 31 August 2012 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.

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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. £7,997 was collected as restricted charitable donations through various activities including Children in Need, Cancer Research, Great Ormond Street Hospital, NSPCC, Cécup, Red Cross (Japanese Tsunami), Jeans4Genes and Sports Relief. This £7,997 has been passed to the relevant charities as at 31 August 2012. The governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Achievements and performance

The Academy is now completing its initial 17 month period of operation and continues to achieve the forecast numbers of students. The maximum roll is 1,350 and total students in the period ended 31 August 2012 number 1,323 (1046 in Years 7-11 and 277 in the Sixth Form - January 2012 Census figures). East Barnet School obtained agreement from the Department for Education (DfE) to admit 210 students each year from September 2010 and current numbers are: 210 Year 7, 209 Year 8, 209 Year 9, 210 Year 10 and 208 Year 11 (January 2012 Census figures).

Examination results at all levels were excellent. GCSE results equalled a previous school record with 69% of students achieving 5+A*-C grades, including English and Maths; this is significantly higher than the national average (58%). At A-Level, the students achieved record results, which enabled almost all of them to secure a place at their chosen university. Assessments lower down the school provide evidence that examination performance will continue on an upward trend.

The students' attendance rate (96%) was also a school record, showing that they are happy at school.

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

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Period ended 31 August 2012

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 period ended 31 August 2012 staffing costs amounted to 76% of total income (18% 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 period ended 31 August 2012 the operating surplus (excluding pension liabilities) equated to 3.5% 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 97% of teaching staff and 97 % of support staff for the forthcoming year, and of the 3% staff turnover, 0% relate to staff retiring. Staff retention from 2011 to 2012 was teaching staff 96% and support staff 94%, of which 1% support staff member retired.
- Student attendance rates (see above)

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 period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also received grants for fixed assets from the EFA 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 period ended 31 August 2012, total expenditure of £12,964,636 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 £152,886

At 31 August 2012 the net book value of fixed assets was £36,916,498 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.

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Governors' Annual Report

Period ended 31 August 2012

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 92% 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

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 pensions 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 £600,000. 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.

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Period ended 31 August 2012

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 £99,221. The current level of restricted reserves is £306,952.

There is also a pension deficit balance of £1,448,000 as at 31 August 2012.

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 (£29.44 in the 17 month period). 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 facilities offered by the school will be improved further. This is likely to include more classroom spaces, better facilities and resources in Science, Technology and Physical Education.

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.

Responsibilities of the governors

The Governors are also the directors of East Barnet School for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Company law requires the Governors to prepare financial statements for each financial year. Under company law

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Period ended 31 August 2012

the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

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.

Auditor

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 governing body on and signed on behalf by:

Mr N Mottershead
Trust Member and Chair of Governors

EAST BARNET SCHOOL

Company Limited by Guarantee

Governance Statement

Initial Accounting Period from 1st April 2011 to 31st August 2012

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 Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between East Barnet School and the Secretary of State for Education. The Headteacher 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 5 times during the 17 month period. Attendance during the period at meetings of the Governing Body was as follows:

| Governor | | Meetings attended | Out of a possible |
|------------------------|----------------------------------------|------------------------------|------------------------------|
| Mr N Mottershead | Chair of Governors (from October 2011) | 5 | 5 |
| Mr J Hewlings | Vice Chair (Chair until October 2011) | 5 | 5 |
| Mr D Fairley | Resigned 6 June 2012 | 2 | 4 |
| Mr N Christou | Headteacher & Accounting Officer | 5 | 5 |
| Mr C Costigan | Vice Chair | 5 | 5 |
| Mrs Z Ansell | | 4 | 5 |
| Ms F Armstrong | | 2 | 5 |
| Mrs D Cuthbert | | 5 | 5 |
| Mrs S Donald | | 5 | 5 |
| Mr M Knott | Chair of Resources Committee | 3 | 5 |
| Mrs C Little | | 5 | 5 |
| Mr R Parker | | 5 | 5 |
| Mr C Patsalis | | 4 | 5 |
| Mrs C Roncarati | | 4 | 5 |
| Mrs A Sweet | | 5 | 5 |
| Cllr Mrs J Tambourides | | 1 | 5 |
| Mr S Harrison | Appointed 12 June 2012 | 0 | 0 |
| Mr J Ireton | Appointed 6 June 2012 | 1 | 1 |
| Mrs J Merryweather | Appointed 1 June 2012 | 1 | 1 |

EAST BARNET SCHOOL

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Governance Statement

Initial Accounting Period from 1st April 2011 to 31st August 2012

| | | | |
|----------------|---------------------------|---|---|
| Mr R Mobbs | Appointed 12 June 2012 | 0 | 0 |
| Mr D Wilkinson | Appointed 1 December 2011 | 2 | 2 |
| Mr J Ball | Resigned 31 May 2012 | 2 | 4 |
| Mrs L Benjamin | Resigned February 2012 | 2 | 4 |
| Ms C Herson | Resigned February 2012 | 1 | 3 |
| Mrs S Waters | Company Secretary/Bursar | 4 | 5 |

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.

During the period, D Wilkinson, who is a qualified accountant, joined the committee. Attendance at meetings in the period was as follows:

| Governor | | Meetings attended | Out of a possible |
|------------------|------------------------------|------------------------------|------------------------------|
| Mr M Knott | Chair of Resources Committee | 6 | 7 |
| Mr N Mottershead | Chair of Governors | 7 | 7 |

EAST BARNET SCHOOL

Company Limited by Guarantee

Governance Statement

Initial Accounting Period from 1st April 2011 to 31st August 2012

| | | | |
|----------------|----------------------------------|---|---|
| Mr J Hewlings | Vice Chair | 7 | 7 |
| Mr N Christou | Headteacher & Accounting Officer | 7 | 7 |
| Mrs S Donald | Staff Governor | 7 | 7 |
| Mrs C Little | | 7 | 7 |
| Mr J Ireton | Appointed 6 June 2012 | 1 | 1 |
| Mr R Mobbs | Appointed 12 June 2012 | 1 | 1 |
| Mr D Wilkinson | Appointed 1 December 2011 | 4 | 4 |
| Mr J Ball | Resigned 31 May 2012 | 2 | 4 |
| Mrs S Waters | Company Secretary/Bursar | 7 | 7 |

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 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 period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy 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 period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The Academy 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;

EAST BARNET SCHOOL

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Governance Statement

Initial Accounting Period from 1st April 2011 to 31st August 2012

- 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 had already been reported by the Academy to the Governing Body 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, which has now been taken to rectify this situation by replacing it with PS Financials accounting software. This has been installed and became operational from September 2012.

Review of effectiveness

As Accounting Officer, the Headteacher 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.

EAST BARNET SCHOOL

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Governance Statement

Initial Accounting Period from 1st April 2011 to 31st August 2012

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 onand 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

Period ended 31 August 2012

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

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

Period ended 31 August 2012

We have audited the financial statements of East Barnet School for the period ended 31 August 2012 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 period ended 31 August 2012 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)*

Period ended 31 August 2012

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial period 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

Period ended 31 August 2012

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 2011/12, 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 April 2011 to 31 August 2012 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 opinion we have formed.

Respective responsibilities of East Barnet School's accounting officer and the reporting accountant

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 as published by the DfES in 2006, 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 April 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters

**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*)**

Period ended 31 August 2012

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.

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 April 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson
Chartered Accountants

1394 High Road
Whetstone
London
N20 9YZ

East Barnet School Company Limited by Guarantee

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

Period ended 31 August 2012

| | Note | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2012 £ |
|-----------------------------------------------------|------|----------------------------|--------------------------|-----------------------------------------|--------------------------|
| Incoming resources | | | | | |
| Incoming resources from generating funds: | | | | | |
| Voluntary income | 2 | 52,551 | 41,459 | 38,189,098 | 38,283,108 |
| Activities for generating funds | 3 | 437,987 | 116,808 | – | 554,795 |
| Investment income | 4 | 17,460 | – | – | 17,460 |
| Funding for academy's educational operations | 5 | – | 11,381,852 | 36,092 | 11,417,944 |
| Total incoming resources | | 507,998 | 11,540,119 | 38,225,190 | 50,273,307 |
| Resources expended | | | | | |
| Charitable activities – educational operations | | | | | |
| | 7 | (408,777) | (11,172,429) | (1,341,828) | (12,923,034) |
| Governance costs | 8 | – | (41,602) | – | (41,602) |
| Total resources expended | | (408,777) | (11,214,031) | (1,341,828) | (12,964,636) |
| Net incoming resources before transfers | | | | | |
| | 9 | 99,221 | 326,088 | 36,883,362 | 37,308,671 |
| Transfer between funds | | – | (33,136) | 33,136 | – |
| Net income for the period | | 99,221 | 292,952 | 36,916,498 | 37,308,671 |
| Other recognised gains and losses | | | | | |
| Actuarial losses on defined benefit pension schemes | | | | | |
| | | – | (368,000) | – | (368,000) |
| Pension scheme liability transferred | | – | (1,066,000) | – | (1,066,000) |
| Net movement in funds | | 99,221 | (1,141,048) | 36,916,498 | 35,874,671 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | – | – | – | – |
| Total funds carried forward | | 99,221 | (1,141,048) | 36,916,498 | 35,874,671 |

The Statement of Financial Activities includes all gains and losses in the period and therefore a statement of total recognised gains and losses has not been prepared.

All of the academy trust's activities derive from acquisitions in the current financial period.

The accounting policies and notes on page 29 to 49 form part of these financial statements.

East Barnet School Company Limited by Guarantee

Balance Sheet

31 August 2012

| | Note | £ | 2012 £ |
|-------------------------------------------------------|------|--------------------|---------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | | 36,916,498 |
| Current assets | | | |
| Stocks | | 5,000 | |
| Debtors | 14 | 211,380 | |
| Cash at bank and in hand | | 1,069,893 | |
| | | <u>1,286,273</u> | |
| Creditors: amounts falling due within one year | 15 | <u>(880,100)</u> | |
| Net current assets | | | 406,173 |
| Total assets less current liabilities | | | <u>37,322,671</u> |
| Provisions for liabilities | | | |
| Pensions | 16 | | <u>(1,448,000)</u> |
| Net assets | | | <u><u>£35,874,671</u></u> |
| Funds | 18 | | |
| Restricted funds: | | | |
| Restricted fixed asset funds | | 36,916,498 | |
| General funds | | 306,952 | |
| Pension reserve | 16 | <u>(1,448,000)</u> | |
| Total restricted income funds | | | 35,775,450 |
| Unrestricted income funds | | | <u>99,221</u> |
| Total funds | | | <u><u>£35,874,671</u></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 Resources Committee

Company Registration Number: 07552702

The accounting policies and notes on page 29 to 49 form part of these financial statements.

East Barnet School Company Limited by Guarantee

Cash Flow Statement

Period ended 31 August 2012

| | Note | 2012 £ | £ |
|----------------------------------------------------------------------|-------------------|-------------------|--------------------------|
| Net cash inflow from operating activities | 23 | | 1,121,661 |
| Returns on investments and servicing of finance | 24 | | |
| Interest received | | <u>17,460</u> | |
| Net cash inflow from returns on investments and servicing of finance | | | 17,460 |
| Capital expenditure | 25 | | <u>(69,228)</u> |
| Increase in cash | | | <u>£1,069,893</u> |
| Analysis of changes in net funds | | | |
| | 1 Sep 11 | Cash flows | 31 Aug 12 |
| | £ | £ | £ |
| Cash in hand and at bank | – | 1,069,893 | 1,069,893 |
| | <u> </u> | <u> </u> | <u> </u> |

All of the cash flows are derived from acquisitions in the current financial period.

The accounting policies and notes on page 29 to 49 form part of these financial statements.

East Barnet School Company Limited by Guarantee

Accounting Policies

Period ended 31 August 2012

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)*

Period ended 31 August 2012

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.

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)(Department for Education)(sponsor)(other funders) 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)(Department for Education).

East Barnet School Company Limited by Guarantee

Accounting Policies *(continued)*

Period ended 31 August 2012

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 (30-50 years) |

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)*

Period ended 31 August 2012

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 16, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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)*

Period ended 31 August 2012

Conversion to academy trust

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

The assets and liabilities transferred on conversion from 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

Period ended 31 August 2012

1. General Annual Grant (GAG)

2012
£

a. Results and Carry Forward for the Period

| | |
|--------------------------------------------------------------------------------------------------------|--------------------|
| GAG allocation for current period | 10,272,997 |
| Recurrent expenditure from GAG | (10,086,975) |
| Fixed assets purchased from GAG | (33,136) |
| GAG carried forward to next year | 152,886 |
| Maximum permitted GAG carry forward at end of current period (12% of allocation for current period) | (1,232,760) |
| GAG to surrender to DfE (12% rule breached if result is positive) | (1,046,738) |
| | no breach |

b. Use of GAG brought forward from previous year for recurrent purposes

Note not applicable as first period of academy operation.

2. Voluntary income

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2012 £ |
|---------------------------------------------|----------------------------|--------------------------|-----------------------------------------|--------------------------|
| Donations | | | | |
| Transfer from local authority on conversion | – | 33,462 | 38,189,098 | 38,222,560 |
| Donations - charities | – | 7,997 | – | 7,997 |
| Student bursary | 1,000 | – | – | 1,000 |
| Jack Petchey Award | 1,800 | – | – | 1,800 |
| PTA donations | 12,237 | – | – | 12,237 |
| Vex Robotic donations | 6,788 | – | – | 6,788 |
| Miscellaneous | 30,726 | – | – | 30,726 |
| | <u>52,551</u> | <u>41,459</u> | <u>38,189,098</u> | <u>38,283,108</u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

3. Incoming resources from activities for generating funds

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2012 £ |
|---------------------------------|----------------------------|--------------------------|--------------------------|
| Rental income | 43,854 | – | 43,854 |
| Catering income | 267,763 | – | 267,763 |
| Reprographics income | 45 | – | 45 |
| Sale of instruments to students | 2,002 | – | 2,002 |
| Other income | 124,323 | 116,808 | 241,131 |
| | <u>437,987</u> | <u>116,808</u> | <u>554,795</u> |

4. Investment income

| | Unrestricted Funds £ | Total Funds 2012 £ |
|--------------------------|----------------------------|--------------------------|
| Bank interest receivable | 17,460 | 17,460 |

5. Funding for academy's educational operations

| | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2012 £ |
|-------------------------------------|--------------------------|-----------------------------------------|--------------------------|
| EFA revenue grants | | | |
| General Annual Grant (GAG) (note 1) | 10,272,997 | – | 10,272,997 |
| Other government grants | 66,052 | 36,092 | 102,144 |
| Pupil premium | 73,600 | – | 73,600 |
| Local authority SEN income | 434,234 | – | 434,234 |
| | <u>10,846,883</u> | <u>36,092</u> | <u>10,882,975</u> |
| Other Government grants | | | |
| Other government grants | 144,057 | – | 144,057 |
| LBB grants | 124,070 | – | 124,070 |
| | <u>268,127</u> | <u>–</u> | <u>268,127</u> |
| Other income | | | |
| Trip income | 266,842 | – | 266,842 |
| | <u>266,842</u> | <u>–</u> | <u>266,842</u> |
| | <u>11,381,852</u> | <u>36,092</u> | <u>11,417,944</u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

6. Resources expended

| | Staff Costs £ | Premises £ | Other Support Costs £ | Total Funds 2012 £ |
|----------------------------------------------------|-------------------------|-------------------------|--------------------------------|--------------------------|
| Charitable activities: | | | | |
| Direct costs | 8,268,526 | 1,341,828 | 1,237,573 | 10,847,927 |
| Support costs | 936,824 | 560,580 | 577,703 | 2,075,107 |
| | <u>9,205,350</u> | <u>1,902,408</u> | <u>1,815,276</u> | <u>12,923,034</u> |
| Governance costs including allocated support costs | - | - | 41,602 | 41,602 |
| | <u><u>9,205,350</u></u> | <u><u>1,902,408</u></u> | <u><u>1,856,878</u></u> | <u><u>12,964,636</u></u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

7. Academy's educational operations

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2012 £ |
|--------------------------------------|----------------------------|--------------------------|-----------------------------------------|--------------------------|
| <i>Direct costs</i> | | | | |
| Teaching & educational support staff | 94,782 | 8,173,744 | – | 8,268,526 |
| Depreciation | – | – | 1,341,828 | 1,341,828 |
| Educational supplies | 36,363 | 668,396 | – | 704,759 |
| Examination fees | – | 218,885 | – | 218,885 |
| Staff development | – | 60,801 | – | 60,801 |
| Educational consultancy | – | 35,282 | – | 35,282 |
| Sports education development costs | – | 217,846 | – | 217,846 |
| | <u>131,145</u> | <u>9,374,954</u> | <u>1,341,828</u> | <u>10,847,927</u> |
| <i>Allocated support costs</i> | | | | |
| Support staff costs | 55,940 | 820,252 | – | 876,192 |
| Allocated support costs | 46,150 | 14,482 | – | 60,632 |
| Recruitment and support | – | 12,586 | – | 12,586 |
| Maintenance of premises & equipment | 150 | 162,383 | – | 162,533 |
| Light and heat | – | 151,721 | – | 151,721 |
| Cleaning | – | 204,760 | – | 204,760 |
| Insurance | – | 82,966 | – | 82,966 |
| Security & transport | – | 20,552 | – | 20,552 |
| Catering | 159,418 | – | – | 159,418 |
| Interest and charges | 2,616 | 83,000 | – | 85,616 |
| Legal & professional services | 13,358 | 143,880 | – | 157,238 |
| Other support costs | – | 100,893 | – | 100,893 |
| | <u>277,632</u> | <u>1,797,475</u> | <u>–</u> | <u>2,075,107</u> |
| | <u><u>408,777</u></u> | <u><u>11,172,429</u></u> | <u><u>1,341,828</u></u> | <u><u>12,923,034</u></u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

8. Governance costs

| | Restricted Funds £ | Total Funds 2012 £ |
|--------------------------------|--------------------------|--------------------------|
| Accountancy fees | 2,183 | 2,183 |
| Audit fees | 8,650 | 8,650 |
| Financial advice | 2,000 | 2,000 |
| Legal fees | 18,330 | 18,330 |
| Responsible officer audit | 1,500 | 1,500 |
| Support costs | 8,178 | 8,178 |
| Governors' reimbursed expenses | 761 | 761 |
| | <u>41,602</u> | <u>41,602</u> |

9. Net incoming/(outgoing) resources for the period

This is stated after charging:

| | 2012 £ |
|-----------------------------|-----------|
| Staff pension contributions | 971,262 |
| Operating leases | 8,536 |
| Fees payable to auditor | |
| Audit | 8,650 |
| Other services | 2,184 |
| Depreciation | 1,341,828 |

10. Staff costs and emoluments

| | 2012 £ |
|-----------------------|-------------------|
| Wages and salaries | 7,565,663 |
| Social security costs | 607,793 |
| Other pension costs | 971,262 |
| | <u>£9,144,718</u> |

Particulars of employees:

| | 2012 |
|----------------------------------------------------|------------|
| The average number of employees during the period, | |
| Teachers | 102 |
| Administration and support | 84 |
| | <u>186</u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

10. Staff costs and emoluments (continued)

The number of employees whose remuneration for the seventeen month period and a pro-rata annual basis fell within the following bands, were:

| | 2012 (17 months) | 2012 (12 months) |
|----------------------|---------------------|---------------------|
| £60,000 to £69,999 | 19 | 4 |
| £70,000 to £79,999 | 16 | - |
| £80,000 to £89,999 | 4 | - |
| £90,000 to £99,999 | 1 | - |
| £100,000 to £109,000 | | 1 |
| £140,000 to £149,999 | 1 | |
| | 41 | 5 |

The above employees participated in the Teachers' Pension Scheme. During the seventeen month period ended 31 August 2012, pension contributions for these staff amounted to £408,213 (£32,667 within the pro-rata figures for 5 staff for 12 months).

11. Governors' remuneration and expenses

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of the Headteacher 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 including pension payments made on their behalf in the seventeen month period to 31 August 2012 was as follows:

| | <u>Salaries & Pensions</u> | |
|--------------------------|--------------------------------|---------------------|
| | 2012 (17 months) | 2012 (12 months) |
| N Christou (Headteacher) | £165,193 | £117,412 |
| Staff Governor 1 | £86,772 | £61,622 |
| Staff Governor 2 | £43,587 | £30,805 |
| Staff Governor 3 | £31,913 | £22,865 |

Expenses of £761 were paid to governors for the period to 31 August 2012.

It should be noted that a portion of the salaries of the Headteacher and senior staff members is attributable to funding included within the General Annual Grant from East Barnet School's specialist status in Technology and Leadership for work done beyond the school community. East Barnet School is a National Support School and the Headteacher is a National Leader of Education. Funding was received from the National College of School Leadership during the academic year.

12. Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2012 was £1,540.

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

13. Tangible fixed assets

| | Fixtures & Fittings £ | Computer Equipment £ | Motor Vehicles £ | Leasehold Land and Property £ | Total £ |
|--------------------------|-----------------------------|----------------------------|------------------------|----------------------------------------|--------------------|
| Cost | | | | | |
| Transfer from School | 599,570 | 304,448 | 18,000 | 37,267,080 | 38,189,098 |
| Additions | 8,150 | 61,078 | | | 69,228 |
| At 31 August 2012 | <u>£607,720</u> | <u>£365,526</u> | <u>£18,000</u> | <u>£37,267,080</u> | <u>£38,258,326</u> |
| Depreciation | | | | | |
| Charge for the period | 128,937 | 111,974 | 6,375 | 1,094,542 | 1,341,828 |
| At 31 August 2012 | <u>£128,937</u> | <u>£111,974</u> | <u>£6,375</u> | <u>£1,094,542</u> | <u>£1,341,828</u> |
| Net book value | | | | | |
| At 31 August 2012 | <u>478,783</u> | <u>253,552</u> | <u>11,625</u> | <u>36,172,538</u> | <u>36,916,498</u> |

The conveyance for the Leasehold Land and Property has not yet been completed, but London Borough of Barnet are deemed to be holding the beneficial interest for East Barnet School.

14. Debtors

| | |
|---------------|-----------------|
| | 2012 £ |
| Trade debtors | 9,013 |
| Other debtors | 125,867 |
| Prepayments | 76,500 |
| | <u>£211,380</u> |

15. Creditors: Amounts falling due within one year

| | |
|------------------------------|-----------------|
| | 2012 £ |
| Trade creditors | 189,261 |
| Taxation and social security | 128,396 |
| Other creditors | 403,908 |
| Accruals | 158,535 |
| | <u>£880,100</u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

16. Pensions and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes.

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. 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 teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

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

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

16. Pensions and similar obligations *(continued)*

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

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

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

Scheme changes

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multiemployer 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 to were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

16. Pensions and similar obligations *(continued)*

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £403,000, of which employer's contributions totalled £322,000 and employees' contributions totalled £81,000. The agreed contribution rates for future years are 25% for employers and between 5.5 - 7.5% for employees. 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. Both are defined-benefit schemes.

Principal actuarial assumptions

| | At 31 August 2012 |
|--------------------------------------|--------------------------|
| Discount rate | 3.9 |
| Expected return on scheme assets | 5.2 |
| Rate of increase in salaries | 4.1 |
| Rate of increase in pensions payment | 1.9 |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

16. Pensions and similar obligations *(continued)*

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 2012 |
|----------------------|----------------------------------|
| Retiring today | |
| Males | 20.0 |
| Females | 24.0 |
| Retiring in 20 years | |
| Males | 22.0 |
| Females | 25.9 |

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

| | Expected return at 31 August 2012 | Fair value at 31 August 2012 |
|----------------------------------------------|------------------------------------------|---------------------------------------------|
| | % | £ |
| Equities | 6.4 | 520,000 |
| Bonds | 3.9 | 308,000 |
| Property | 4.3 | 58,000 |
| Cash | 0.5 | - |
| Gilts | 2.8 | 77,000 |
| Total market value of assets | | 963,000 |
| Present value of scheme liabilities - funded | | (2,411,000) |
| Surplus/(deficit) in the scheme | | (1,448,000) |

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.

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

16. Pensions and similar obligations *(continued)*

Amounts recognised in the Statement of Financial Activities

| | 2012 £ |
|------------------------------------------------------|----------------|
| Current service cost (net of employee contributions) | 253,000 |
| Total operating charge | 253,000 |

Analysis of pension finance income/ (costs)

| | 2012 £ |
|------------------------------------------|-----------------|
| Expected return on pension scheme assets | 71,000 |
| Interest on pension liabilities | (154,000) |
| Pension finance income/(costs) | (83,000) |

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gain recognised in the Statement of Financial Activities since the adoption of FRS17 is a £368,000 loss.

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

| | 2012 £ |
|---------------------------------|------------------|
| At 1 September 2011 | 1,509,000 |
| Current service cost | 253,000 |
| Interest on pension liabilities | 154,000 |
| Employee contributions | 81,000 |
| Actuarial gain/(loss) | 402,000 |
| Benefits paid | 12,000 |
| At 31 August 2012 | 2,411,000 |

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

| | 2012 £ |
|------------------------------------------|----------------|
| At 1 September 2011 | 443,000 |
| Expected return on pension scheme assets | 71,000 |
| Actuarial gain/loss | 34,000 |
| Employer contributions | 322,000 |
| Employee contributions | 81,000 |
| Benefits paid | 12,000 |
| At 31 August 2012 | 963,000 |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

16. Pensions and similar obligations *(continued)*

Reconciliation of opening and closing deficit:

| | 2012 £ |
|------------------------------------------------------|---------------------------|
| Pension scheme liability transferred | (1,066,000) |
| Current service cost (net of employee contributions) | (253,000) |
| Employer contributions | 322,000 |
| Other finance income | (83,000) |
| Actuarial gain/(loss) | (368,000) |
| Deficit at 31 August 2012 | <u>(1,448,000)</u> |

The five year history of experience adjustments is as follows:

| | 2012 £ |
|-----------------------------------------------------|---------------------------|
| Present value of defined benefit obligations | (2,399,000) |
| Fair value of share of scheme assets | 951,000 |
| Deficit in the scheme | <u>(1,448,000)</u> |

The estimated value of employer contributions for the year to 31 August 2013 is £194,000.

| | £ |
|---------------------------------------------------------|----------------|
| Experience adjustments on share of scheme assets | 34,000 |
| Experience adjustments on scheme liabilities | 402,000 |

17. Commitments under operating leases

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as set out below.

| | Assets other than land and buildings £ |
|---------------------------------------|-----------------------------------------------------------|
| Operating leases which expire: | |
| Within 1 year | <u>8,536</u> |

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

18. Funds

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Transfer £ | Balance at 31 August 2012 |
|-----------------------------------------------------|----------------------------|----------------------------|-----------------------------|--------------------|------------------------------------|
| Restricted general funds | | | | | |
| General annual grant (GAG) | 10,272,997 | (10,086,975) | - | (33,136) | 152,886 |
| Start up grant | 25,000 | (25,000) | - | - | - |
| Other DfE/EFA grants | 817,013 | (817,013) | - | - | - |
| Restricted Fund - Defined benefit pension scheme | - | (14,000) | (368,000) | (1,066,000) | (1,448,000) |
| Other restricted funds | 425,109 | (271,043) | - | - | 154,066 |
| | <u>11,540,119</u> | <u>(11,214,031)</u> | <u>(368,000)</u> | <u>(1,099,136)</u> | <u>(1,141,048)</u> |
| Restricted fixed asset funds | | | | | |
| EFA Capital grant | 36,092 | (1,312) | - | 33,136 | 67,916 |
| Assets transferred on conversion | 38,189,098 | (1,340,516) | - | - | 36,848,582 |
| | <u>38,225,190</u> | <u>(1,341,828)</u> | <u>-</u> | <u>33,136</u> | <u>36,916,498</u> |
| Total restricted funds | <u>49,765,309</u> | <u>(12,555,859)</u> | <u>(368,000)</u> | <u>(1,066,000)</u> | <u>35,775,450</u> |
| Unrestricted funds | | | | | |
| General unrestricted funds | 507,998 | (408,777) | - | - | 99,221 |
| Total unrestricted funds | <u>507,998</u> | <u>(408,777)</u> | <u>-</u> | <u>-</u> | <u>99,221</u> |
| Total funds | <u>50,273,307</u> | <u>(12,964,636)</u> | <u>(368,000)</u> | <u>(1,066,000)</u> | <u>35,874,671</u> |

The General Annual Grant (GAG) must be used for the normal running costs of the Academy.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, monies received from the London Borough of Barnet on conversion, 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. 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

Period ended 31 August 2012

19. Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset fund £ | Total £ |
|--------------------------|----------------------------|-------------------------------------|----------------------------------------|-------------------|
| Tangible fixed assets | – | – | 36,916,498 | 36,916,498 |
| Current assets | 99,221 | 306,952 | – | 406,173 |
| Pension scheme liability | – | (1,448,000) | – | (1,448,000) |
| | <u>99,221</u> | <u>(1,141,048)</u> | <u>36,916,498</u> | <u>35,874,671</u> |

20. 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 (Academy) 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) |
| Net assets/(liabilities) | <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.

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.

East Barnet School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2012

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

| | 2012 £ |
|-------------------------------------------------------------|-------------------------|
| Net incoming resources before transfers | 37,308,671 |
| Depreciation | 1,341,828 |
| Fixed assets transferred from local authority on conversion | (38,189,098) |
| Interest receivable | (17,460) |
| FRS 17 Pension cost less contributions payable | (69,000) |
| FRS 17 pension finance income | 83,000 |
| Decrease/(increase)in stocks | (5,000) |
| Decrease/(increase)in debtors | (211,380) |
| (Decrease)/increase in creditors | 880,100 |
| Net cash inflow from operating activities | <u>1,121,661</u> |

24. Returns on investments and servicing of finance

| | 2012 £ |
|-------------------|---------------|
| Interest received | <u>17,460</u> |

25. Analysis of changes in net debt

| | 2012 £ |
|---------------------------------------------------------------------------|------------------------|
| Purchase of tangible fixed assets | (69,228) |
| Net cash outflow from capital expenditure and financial investment | <u>(69,228)</u> |

26. 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.

27. Related part transactions

Owing to the nature of the Academy's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that the Academy will have transactions for goods and services and working arrangements with organisations in which a Governor, or a related party of a Governor, may have an interest. All such interests are disclosed at Governors' meetings and such Governors do not participate in decisions relating to the procurement process. Any significant transactions with such organisations would be conducted only after a tendering process and are undertaken at arms length, in accordance with the agreed 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 period to 31 August 2012, purchases totalling £36,055 were made from East Barnet Education Business Partnership. The amount due to the charity at the period end was £nil.