

**Southend High School for
Boys Academy Trust Limited
(A Company Limited by Guarantee)**

**Annual Report and Financial
Statements**

**Year ended 31 August
2012**

Southend High School for Boys Academy Trust Limited
Company Limited by Guarantee
Year ended 31 August 2012

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Reference and Administrative Details

Governors

Mr P Richards (Chair)
Dr M Aggarwal
Mr S Baldwin*
Mr A Barrett* (Resigned 1 August 2012)
Mr R Campbell-Carr
Mrs S Currington*
Mr D Fairweather
Mr J Hendry
Dr P Husselbee
Mrs D Pocock
Mrs G Porter
Mrs F Potter
Mr A Badger*
Mr G Masterson (Resigned 31 October 2012)
Mrs D Stennett
Mrs J Binstead
Mrs S Cheema
Dr R Bevan* (Headteacher and accounting officer)
Mr P Crow* (Staff Governor)
Mrs G Duggins* (Staff Governor, Resigned 31 October 2012)
Mrs R Worth (Staff Governor)

* members of the Finance Committee

Senior Leadership Team:

. Deputy Headteacher
. Deputy Headteacher
. Assistant Headteacher
. Assistant Headteacher
. Assistant Headteacher
. Director of Resources

Mr A Gardner
Ms L Duffy
Mr C Fletcher (Resigned 31 August 2012)
Mr M Valencia
Ms Cathie Bates (Appointed 1 September 2012)
Mr S Oxenham (Appointed 28 May 2012)

Principal and Registered Office

Prittlewell Chase
Southend-On-Sea
Essex
SS0 0RG

Company Registration Number

07485584 (England and Wales)

Independent Auditor

MHA MacIntyre Hudson
Boundary House
County Place
Chelmsford
Essex
CM2 0RE

Bankers

Lloyds TSB
77 High Street
Southend-On-Sea
Essex
SS1 1HT

Solicitors

Paul Robison Solicitors LLP
The Old Bank
470-474 London Road
Westcliff-On-Sea
Essex
SS0 9LD

Governors' Report

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

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee, without share capital, and an exempt charity which was established on 1 February 2011. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. In accordance with the requirements of the articles of association, it is the duty of the members of the charitable company to appoint governors to be responsible for the affairs and management of the Academy.

In accordance with the articles of association, the charitable company has identified the requirements for the admission of pupils to the Academy, approved by the Secretary of State for Education.

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

Members' Liability

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

The Members of the Academy comprise Mr P Richards and Mr A Barrett both of whom are/were also governors of the Academy and Mr R Maddison, a former chair of governors of the school. The Members delegate the running of the Academy to the governors and have established the form of governance to be adopted.

Governors' Indemnities

The DfE recommend that Academies have governor liability insurance which insures against collective liability of the governing body acting in good faith. This insurance is provided by Ecclesiastical Insurance with a limit of indemnity of £5m.

Principal Activities

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. Such provision has been maintained and developed throughout the year at Southend High School for Boys.

Method of Recruitment and Appointment or Election of governors

The Members of the Academy may directly appoint up to 12 Governors.

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal/Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors. Staff Governors are elected by employees of the Academy. Any election of Staff Governors which is contested is held by secret ballot.

Parent Governors are elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. Any election of Parent Governors which is contested is held by secret ballot. Arrangements are made for postal votes. Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body takes such steps as are reasonably practical to secure that every person who is known to them to be parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so. The number of Parent Governors required is made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies. Where it is not reasonably practical to appoint a person who is the parent of a registered pupil at the Academy, a person who is the parent of a child of compulsory school age can be appointed.

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Governors' Report (continued)

Members may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

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

Policies and Procedures Adopted for the Induction and Training of governors

All new governors are recruited and elected on their ability to play an active part in the governance of the Academy. They are provided with all necessary documents that they will need to undertake their role as governors. They are also referred to the Academies Financial Handbook, Southend High School for Boys Academy's Funding Agreement and various relevant documents. Governors receive regular training sessions at their meetings on various relevant topics.

Organisational Structure

Southend High School for Boys Academy Trust is governed by a board of governors (the Governing Body) constituted under a memorandum of association and articles of association. The Governing Body is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:

- policy development and strategic development;
- ensuring sound management and administration of the Academy;
- ensuring compliance with legal requirements;
- establishing and maintaining effective internal controls;
- the management of all resources;
- the monitoring of performance;
- helping the Academy to be responsive to the needs of parents, carers and the community; and
- assessing and managing risk.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of the budgets and strategic development plan and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Headteacher is directly responsible for the day to day running of the Academy, and is assisted by a Senior Leadership Team consisting of two Deputy Headteachers, two Assistant Headteachers and a Director of Resources. Together the Senior Leadership Team controls the Academy at an executive level, implementing the policies laid down by the governors and reporting back to them and providing evidence, reports and data analysis to the governing body meetings, enabling governors to monitor effectively.

The Academy has appointed a Responsible Officer (RO), who provides independent oversight of the operation of financial management arrangements. The RO undertakes checks to help ensure that the financial responsibilities of the governing body are properly discharged.

Risk Management

The Academy follows an appropriate risk management process that has been formally assessed under FMSIS in two previous inspection visits. The process identifies the types of risk the Academy faces. These risks are scored and prioritised in terms of their potential operational and financial impact and assessed in terms of the likelihood of occurrence and means of identifying the risks are assessed. A risk register is maintained and reviewed periodically.

Objectives and Activities

Objects and Aims

The Academy Trust's object is to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

Governors' Report (continued)

Objectives, Strategies and Activities

The principal activity of the charitable company is the operation of Southend High School for Boys Academy to provide education for pupils, selected by ability between the ages of 11 and 18 with an emphasis on academic progression.

The 'Scheme of Governance' approved by the Secretary of State specifies, amongst other things, the basis for admitting students to the Academy, the provision for pupils with SEN and that the curriculum should be broad and balanced.

The main objectives of the Academy are summarised below:

- To raise the standards of educational achievement of all pupils;
- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To comply with all appropriate statutory and curriculum requirements;
- To conduct business in accordance with the highest standards of integrity, probity and openness.

Public Benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. The governors consider that the Academy's aims are demonstrably to the public benefit.

Achievements and Performance

At Southend High School for Boys, talent is nurtured and learning is valued. Challenge is welcomed, participation is expected and achievement is prized. This ethos is carried through all that the school seeks to achieve and helps maintain a balance between academic performance and other aspects of school life.

The whole of the academic year 2011/12 was dominated by the anticipation of the London 2012 Olympics, and enriched by the parallel celebrations to mark the Diamond Jubilee of the Queen's accession. Whilst these events appealed and resonated in differing ways with different pupils, there is no doubt they animated a great deal of the school's extra-curricular programme and brought valuable lessons and memories to many.

We were also able to celebrate the work, spirit and successes of the school at our two Year 6 Open Evenings. More than 2000 visitors passed through the school across the two nights, representing more than 900 families. There is no doubt that the contributions made by pupil helpers, pupil guides, prefects, parent helpers, and a whole range of staff were invaluable in communicating the 'essence' of Southend High School for Boys. In recent years the school has been the most over-subscribed secondary school in the area, and our Open Evenings serve not only as an opportunity for recruitment of new pupils but also as a celebration of the contributions made by every member of the school team. Our 6th Form open evening was a similar success with 300 applicants for 35 external places.

Exam Review

GCSE Results

It was another superb year of GCSE results for the school. After seeing results improve every year since 2008, it was an outstanding achievement to obtain the best ever grades in 2012. The results are felt to demonstrate the sustained efforts of the pupils, the excellent support they received from their teachers and that pupils thrive at the school.

- 24% of all grades awarded achieved the prestigious A*
- More than 60 pupils secured 8 or more A and A* grades, 16 pupils achieved 7 or more A* grades and 3 pupils gained more than 11 A* grades

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Governors' Report (continued)

- 65% of pupils obtained 5 or more A and A* grades
- 60% of all grades awarded were at A or A*

A2 and AS Results

This year's results were a double celebration for students and staff at the school. Excellent teaching and a fantastic atmosphere helped dedicated students obtain amongst the school's best ever grades at A-level and AS-level. The results provide 6th Formers with the very best opportunities for university entrance and their future careers.

- At A-level (A2) 83% of grades were B or better and 49% at A or A*
- More than 70 A* grades were awarded to Year 13 students – one out of every 6 grades obtained.
- 23 students achieved 4 or more grade As at A-level
- 37 students from Year 12 have secured 4 or more grade As at AS-level

Extra-Curricular Achievements

The school has an enviable record of achievements and some of the key items have been included below.

The school retained the borough cross-country title for the 29th consecutive year, as well as gaining very strong results in junior and intermediate national team competitions. Our Intermediate and Junior squads took part in the ESAA English Schools Cross-Country Cup in Rugby on 3rd December. SHSB runners secured 4th (Intermediate) and 5th (Junior) place in the country.

The school also had success in the national Physics Olympiad. This challenging Sixth Form competition involved around 1700 entries from more than 300 schools (the majority of which are independent schools). Commendations were presented to two Year 13 students, whilst another gained an upper Bronze award, putting him in the top 500 and another obtained a Gold award, putting him in the top 150 in the country – this is only the second gold medal awarded to a pupil from the school during the past 23 years.

Once again we gained Fair Trade status for the forthcoming year. Fair Trade status is awarded to schools who meet various goals set by the Fair Trade Foundation, which are changed yearly.

Our Year 7 cross-country team secured the championship title at the Essex Schools Cross-Country Finals and our school swimming teams who won the Borough Schools Championships.

The school football teams qualified for no fewer than seven cup finals in the later part of the Spring term, winning two borough titles and one of the South East Essex championship trophies.

The school retained the borough athletics title for a quite remarkable 31st consecutive year through a dominant performance that saw all year groups win their individual competitions.

Other Achievements

The later part of the year saw a period of intense activity on the school site, during the installation of four substantial roof-top arrays of solar panels for electricity generation. For a long time the school and governors had been seeking an appropriate supplier and funding mechanism for such a venture. The panels will – for the next twenty five years – supplement the normal mains supply, reducing the school's electricity bill and making a modest contribution to alleviating the environmental impact of non-renewable power. In addition solar generation attracts a 'feed-in' tariff payment, intended to encourage the installation of such equipment, and the combined effect of the tariff and the savings on our energy bills will more than compensate for the cost of the panels in less than ten years.

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Governors' Report (continued)

The school was able to draw together sufficient non-educational funds to pay for the outright purchase of the panels, whilst the financial gains will feed through into our routine school budget releasing additional sums for expenditure on resources, facilities and opportunities for pupils.

A number of other works were also undertaken such as the covering of an internal courtyard and the extension and refurbishment of one of the science laboratories, both long term ambitions of the school. The Language Block ground floor also underwent a redesign and refurbishment which led to a much improved facility for pupils and staff alike. This work was carried out by the schools own Premises Team.

The ICT networks were also moved to a single network as a first step to update the ICT infrastructure at the 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 adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Financial Performance Indicators

The Management Accounts contain a page on the Financial Health of the school and as well as monitoring the amount of the General Annual Grant being carried forward, it also lists four key ratios:

Ratios	2011	2012
Adjusted Current Ratio	1.28	1.31
Adjusted operating position as a % of income	0.27%	1.62%
Staff Costs as a % of Operating Income	81.67%	80.76%
Staff Costs as a % of Total Income	71.06%	69.04%

Financial Review

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

During the year ended 31 August 2012, total expenditure of £5,966,856 was fully covered by grant funding from the EFA and other incoming resources. Excluding movements on the restricted fixed asset fund, before transfers between funds and the pension scheme actuarial loss, the Academy recorded a small operating surplus of £65,959.

At 31 August 2012 the net book value of fixed assets was £10,191,454 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy held fund balances at 31 August 2012 of £9,189,613 comprising £9,025,451 of restricted funds including a pension reserve deficit of £1,166,000 and £164,162 of unrestricted general funds.

The governors have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the governors and the aim is to increase reserves over a period of time. To that end a substantial investment in solar panels was made during the year, which should lead to savings in excess of £20,000 per annum in future periods.

It should be noted that as the majority of income is received from the EFA with restrictions on the amount that can be carried forward, it is not possible to build up reserves in line with other non-educational charities.

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Governors' Report (continued)

Financial and Risk Management Objectives and Policies

During the period the governors appointed a qualified accountant as the Director of Resources, recognising the impact of becoming an academy. This has allowed the governors to take comfort from a full set of management accounts that include a cash flow forecast and key financial performance ratios such as liquidity.

A risk register has also been introduced during the period as internal controls are developed and improved.

Principal Risks and Uncertainties

The school has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the school's assets and reputation.

Based on the School Improvement Plan, the Senior Leadership Team undertakes a comprehensive review of the risks to which the school is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the school. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the school.

The risk register is maintained at the school level which is reviewed at least annually by the Finance Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the school and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the school. Not all the factors are within the school's control. Other factors besides those listed below may also adversely affect the school.

1. Government revenue funding

The school has considerable reliance on continued government funding through the education sector funding bodies. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The school is aware of two issues which may impact on future funding:

- The revision to the funding formula by the DfE and increased emphasis on the Pupil Premium
- The Coalition government policy changes and planned funding reductions in future periods

This risk is mitigated in a number of ways:

- The school seeks to maintain close external relationships with relevant bodies
- The school updates its budget model and forecasts as information arises

2. Government capital funding

Capital funding is required for maintenance of the schools assets, such as overhauling key infrastructure components such as roof spaces and heating systems. It is also required for improvements relating to safeguarding, for example the introduction of access control. Expansion of the schools provision also requires capital funding, for example increasing the size of the 6th Form.

Capital funding is now a bidding process that each Academy is eligible for, and it should be noted that as the number of academies increases the amount of the funding pot does not automatically increase.

The risk is that funding bids are not successful and that key infrastructure components fail before remedial works can be carried out or that there is a serious safeguarding issue.

Governors' Report (continued)

The risk is mitigated in a number of ways:

- The school has engaged a specialist firm to assist with bid preparation and project management
- The school is increasing CCTV coverage as far as revenue funds permit
- Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the school's balance sheet in line with the requirements of FRS 17.

Reserves Policy

The governors have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the governors.

It should be noted that as the majority of income is received from the EFA with restrictions on the amount that can be carried forward, it is not possible to build up reserves in line with other non-educational charities.

Investment Policy

The academy trust has the power to make investment decisions as it holds cash balances as part of its reserves.

Surplus funds are held on deposit and with the relatively low level of cash reserves the governors have taken the view that having funds locked away for periods of time could prove detrimental. However, noting the very low interest rates the governors did make the decision to invest £210,000 of the reserves in photovoltaic panels which are expected to generate in excess of £20,000 in savings per annum. This investment has a significant environmental impact as well by virtue of reducing the schools carbon emissions.

Plans for Future Periods

The detailed plans for the next three years are contained in the School Improvement Plan.

The areas of focus for 2012/13 are:

- Raising GCSE and AS outcomes
- Addressing inter-subject variability
- Securing motivation of 'less-engaged' pupils
- Using pupil performance data consistently
- Adopting new technologies
- Promoting effective leadership of learning

To achieve the desired outcomes specific objectives have been set and they include:

- Implement a gifted and talented action plan
- Implement a professional learning plan
- Enhance the pupil rewards system
- Network infrastructure review
- Developing an IT Strategy
- WiFi access across the school site
- Replacing the phone system with a VOIP solution
- Piloting Classroom Monitor software
- Developing an Accommodation Strategy
- Landscaping the outside dining area

Governors' Report (continued)

To achieve the desired outcomes specific objectives have been set and they include (continued):

- Extending the Art facilities
- Increased CCTV coverage and Access Control

Auditor

In so far as the governors are aware:

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

Approved by order of the members of the governing body on 7th December 2012 and signed on its behalf by:

Paul Richards

(Chair)

Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the 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 Southend High School for Boys Academy Trust 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 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr P Richards (Chair)	4	4
Dr M Aggarwal	4	4
Mr S Baldwin	3	4
Mr A Barrett (Retired 1 August 2012)	4	4
Mr R Campbell-Carr	3	4
Mrs S Currington	4	4
Mr D Fairweather	2	4
Mr J Hendry	3	4
Dr P Husselbee	3	4
Mrs D Pocock	3	4
Mrs G Porter	2	4
Mrs F Potter	1	4
Mr A Badger	4	4
Mr G Masterson (Resigned 31 October 2012)	3	4
Mrs D Stennett	1	4
Mrs J Binstead	4	4
Mrs S Cheema	2	4
Dr R Bevan (Headteacher and accounting officer)	4	4
Mr P Crow (Staff Governor)	4	4
Mrs G Duggins (Staff Governor, Resigned 31 October 2012)	2	4
Mrs R Worth (Staff Governor)	4	4

The Finance Committee is a sub-committee of the main governing body. Its purpose is to advise the Governing body on financial strategy and policy in relation to financial matters. The Committee receives the annual budget and then recommends its adoption to the governing body. Attendance at meetings in the year was as follows:

Governance Statement (continued)

Governor	Meetings attended	Out of a possible
Mr S Baldwin	4	4
Mr A Barrett	4	4
Mrs S Currington	2	4
Mr A Badger	4	4
Dr R Bevan (Headteacher and accounting officer)	4	4
Mr P Crow (Staff Governor)	4	4
Mrs G Duggins (Staff Governor, Resigned 31 October 2012)	2	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Southend High School for Boys Academy Trust for the year ended 31 August 2012 and up to the date of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 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;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- 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 R Woodcock, a qualified accountant, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the governing body, through the Finance Committee, on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

During the period there were no material control issues arising as a result of the RO's work and all work was carried out in accordance with the EFA's requirements.

Governance Statement (continued)

Review of Effectiveness

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

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

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

Approved by order of the members of the governing body on 7th December 2012 and signed on its behalf by:

Paul Richards
(Chair)

Dr Robin Bevan
(Accounting officer)

Statement on Regularity, Propriety and Compliance

As accounting officer of Southend High School for Boys Academy Trust I have considered my responsibility to notify the academy trust 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 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.

Dr Robin Bevan
(Accounting officer)

Statement of Governors' Responsibilities

The governors are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

Approved by order of the members of the governing body on 7th December 2012 and signed on its behalf by:

Paul Richards
(Chair)

**Independent Auditor's Report to the Members of Southend High School for Boys
Academy Trust Limited**

Year ended 31 August 2012

We have audited the financial statements of Southend High School for Boys for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of governors and auditor

As explained more fully in the Responsibilities of the Governors, 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 charitable company'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 Report of the Governors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 properly prepared in accordance with the requirements of the Companies Act 2006.

**Independent Auditor's Report to the Members of Southend High School for Boys
Academy Trust**

Year ended 31 August 2012

Opinion on other matter prescribed by the Companies Act 2006

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

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
- we have not received all the information and explanations we require for our audit; or
- The Governors were not entitled to prepare the financial statement in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

James Gare ACA DChA (Senior Statutory Auditor)
For and on behalf of
MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors

Boundary House
County Place
Chelmsford
Essex
CM2 0RE

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**Independent Reporting Accountant's Assurance Report on Regularity to the
Southend High School for Boys Academy Trust and the Education Funding
Agency**

Year 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 2011/2012, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Southend High School for Boys Academy Trust during the period from 1 September 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 the Southend High School for Boys Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Southend High School for Boys Academy Trust 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 the Southend High School for Boys Academy Trust and the EFA, for our work, for this report, or for the conclusions we have formed.

Respective responsibilities of the Southend High School for Boys Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Southend High School for Boys Academy Trust's funding agreement with the Secretary for State dated 1 July 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, in our opinion, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 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.

Basis of opinion

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

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

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

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

**Independent Reporting Accountant's Assurance Report on Regularity to the
Southend High School for Boys Academy Trust and the Education Funding
Agency (continued)**

Year ended 31 August 2012

Opinion on financial statements

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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

Boundary House
County Place
Chelmsford
Essex
CM2 0RE

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Statement of Financial Activities for the year ended 31 August 2012
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £	Total 2011 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	3	67,917	-	-	67,917	142,463
Activities for generating funds	4	245,512	-	-	245,512	50,526
Investment income	5	1,031	-	-	1,031	354
<i>Incoming resources from charitable activities:</i>						
Funding for the academy's educational operations	6	-	5,157,513	46,441	5,203,954	13,350,548
Project management grants	7	-	-	-	-	36,926
<i>Other incoming resources from educational operations</i>	8	514,401	-	-	514,401	188,422
Total incoming resources		828,861	5,157,513	46,441	6,032,815	13,769,239
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	10	46,877	5,705,087	161,837	5,913,801	3,534,677
<i>Governance costs</i>	11	-	53,055	-	53,055	38,908
Total resources expended		46,877	5,758,142	161,837	5,966,856	3,573,585
Net incoming / (outgoing) resources before transfers		781,984	(600,629)	(115,396)	65,959	10,195,654
Transfers						
Gross transfers between funds	18	(864,331)	528,629	335,702	-	-
Net income/(expenditure) before other recognized gains and losses		(82,347)	(72,000)	220,306	65,959	10,195,654
Other recognized gains and losses						
Gains (losses) on investment assets		-	-	-	-	-
Brought forward defined benefit pension scheme liability	27	-	-	-	-	(852,000)
Actuarial (losses) gains on defined benefit pension schemes	18,27	-	(213,000)	-	(213,000)	(7,000)
Net movement in funds		(82,347)	(285,000)	220,306	(147,041)	9,336,654
Reconciliation of funds						
Total funds brought forward at 1 September 2011	18	246,509	(881,000)	9,971,145	9,336,654	-
Total funds carried forward at 31 August 2012		164,162	(1,166,000)	10,191,451	9,189,613	9,336,654

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

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

Southend High School for Boys Academy Trust Limited
Company Limited by Guarantee

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Balance sheet as at 31 August 2012

Company Number
07485584

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	15		10,191,451		9,971,145
Current assets					
Debtors	16	155,244		89,842	
Cash at bank and in hand		544,005		1,023,668	
		<u>699,249</u>		<u>1,113,510</u>	
Liabilities					
Creditors: Amounts falling due within one year	17	<u>(535,087)</u>		<u>(867,001)</u>	
Net current assets			<u>164,162</u>		<u>246,509</u>
Total assets less current liabilities			<u>10,355,613</u>		<u>10,217,654</u>
Net assets excluding pension liability					
Pension scheme liability	27		10,355,613		10,217,654
			<u>(1,166,000)</u>		<u>(881,000)</u>
Net assets including pension liability			<u>9,189,613</u>		<u>9,336,654</u>
Funds of the academy:					
Restricted income funds					
• Fixed asset fund(s)	18		10,191,451		9,971,145
• Pension reserve	18		(1,166,000)		(881,000)
Total restricted funds			<u>9,025,451</u>		<u>9,090,145</u>
Unrestricted income funds					
• General fund(s)	18		164,162		246,509
Total unrestricted funds			<u>164,162</u>		<u>246,509</u>
Total Funds			<u>9,189,613</u>		<u>9,336,654</u>

The financial statements on pages 18 to 42 were approved by the governors, and authorized for issue on 7th December 2012 and are signed on their behalf by:

Paul Richards
 (Chair)

Company Limited by Guarantee**Cash Flow Statement for the year ended 31 August 2012**

	Notes	2012 £	2011 £
Net cash inflow from operating activities	22	(144,992)	1,023,314
Returns on investments and servicing of finance	23	1,031	354
Capital expenditure	24	(335,702)	-
(Decrease)/Increase in cash in the year	25	<u>(479,663)</u>	<u>1,023,668</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2011		1,023,668	-
Net funds at 31 August 2012		<u>544,005</u>	<u>1,023,668</u>

Notes to the Financial Statements for the Year Ended 31 August 2012

1. Statement of Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

All incoming resources are recognized 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. The General Annual Grant (GAG), fixed asset grants and grants with specific performance conditions are recorded as restricted funds and disclosed as such.
- **Sponsorship income**
Sponsorship income provided to the academy trust which amounts to a donation is recognized in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt
- **Donations**
Donations are recognized 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 recognized in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Notes to the Financial Statements for the Year Ended 31 August 2012 (continued)

1. Statement of Accounting Policies (continued)

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the academy trust are recognized 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.

The Academy received as a donation for no consideration the school buildings at a Depreciated Replacement Cost valuation of £8,260,000. This valuation was carried out in accordance with the requirements of the RICS Red Book, the Valuation Standards 7th Edition and, more particularly, UKVS1 (Valuations for Financial Statements) i.e. the operational buildings are considered to be 'Specialised Property.'

Resources Expended

All expenditure is recognized 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.

- **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 Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalized as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Notes to the Financial Statements for the Year Ended 31 August 2012 (continued)

1. Statement of Accounting Policies (continued)

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

Freehold buildings	2% (on buildings with an estimated useful remaining economic life of less than 50 years)
Fixtures, fittings and equipment	10% straight line
ICT equipment	20% straight line
Motor Vehicles	25% reducing balance

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 recognized as impairments. Impairment losses are recognized in the Statement of Financial Activities.

Leased Asset

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realizable value.

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognized as they are paid each year.

Notes to the Financial Statements for the Year Ended 31 August 2012 (continued)

1. Statement of Accounting Policies (continued)

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 recognized immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognized 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 recognized immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency (or other applicable 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.

Company Limited by Guarantee

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

2 General Annual Grant (GAG)

a. Results and Carry Forward for the Year	2012	2011
	£	£
GAG brought forward from previous year	(262,513)	-
GAG allocation for current year	5,091,726	2,821,837
Total GAG available to spend	4,829,213	2,821,837
Recurrent expenditure from GAG	(4,493,511)	(3,084,350)
Fixed assets purchased from GAG	(335,702)	-
GAG carried forward to next year	-	(262,513)
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(611,007)</u>	<u>(338,620)</u>
GAG to surrender to DfE (12% rule breached if result is positive)	<u>(611,007)</u>	<u>(338,620)</u>
	no breach	no breach

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

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	4,493,511	3,084,350
GAG allocation for current year	(5,091,726)	((2,821,837)
GAG allocation for previous year x 2%	(56,437)	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)	<u>(654,652)</u>	<u>(262,513)</u>
	no breach	no breach

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Other Donations	67,917	-	67,917	142,463
	<u>67,917</u>	<u>-</u>	<u>67,917</u>	<u>142,463</u>

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Hire of Facilities	63,381	-	63,381	26,794
Event Income	40,954	-	40,954	23,732
Catering Income	141,177	-	141,177	-
	<u>245,512</u>	<u>-</u>	<u>245,512</u>	<u>50,526</u>

Company Limited by Guarantee

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Short term deposits	1,031	-	1,031	354
	<u>1,031</u>	<u>-</u>	<u>1,031</u>	<u>354</u>

6 Funding for academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
DfE / EFA capital grants				
. Academy main building grants	-	-	-	9,710,000
. Academy furniture and equipment	-	-	-	343,025
. Devolved capital grant	-	46,441	46,441	-
	<u>-</u>	<u>46,441</u>	<u>46,441</u>	<u>10,053,025</u>
DfE / EFA revenue grants				
. General Annual Grant (GAG)	-	5,091,725	5,091,725	2,821,837
. Other Dfe/EFA grants	-	65,788	65,788	295,803
	<u>-</u>	<u>5,157,513</u>	<u>5,157,153</u>	<u>3,117,640</u>
Other Government grants				
. Local authority grants	-	-	-	179,883
	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,883</u>
	<u>-</u>	<u>5,203,954</u>	<u>5,203,954</u>	<u>13,350,548</u>

7 Project management grants

	Unrestricted Funds £	Restricted Funds £	2012 £	2011 £
Academies programme	-	-	-	36,926
	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,926</u>

8 Other incoming resources from educational operations

	Unrestricted Funds £	Restricted Funds £	2012 £	2011 £
Contributions towards school trips	268,010	-	268,010	86,567
Contributions towards clubs and educational activities	<u>246,391</u>	<u>-</u>	<u>246,391</u>	<u>101,855</u>
	<u>514,401</u>	<u>-</u>	<u>514,401</u>	<u>188,422</u>

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

9 Resources Expended

	Staff	Non Pay Expenditure		Total	Total
	Costs	Premises	Other	2012	2011
	£	£	Costs	£	£
			£		
Academy's educational operations					
. Direct costs	3,573,612	-	687,695	4,261,307	2,399,959
. Allocated support costs	623,432	388,574	640,488	1,652,494	1,134,718
	<u>4,197,044</u>	<u>388,574</u>	<u>1,328,183</u>	<u>5,913,801</u>	<u>3,534,677</u>
Governance costs including allocated support costs	-	-	53,055	53,055	38,908
	<u>4,197,044</u>	<u>388,574</u>	<u>1,381,238</u>	<u>5,966,856</u>	<u>3,573,585</u>
Incoming/outgoing resources for the year include:				2012	2011
				£	£
Fees payable to auditor – audit				8,750	8,500
- other services				3,940	-
				<u>12,690</u>	<u>8,500</u>

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

10 Charitable Activities - Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Direct costs				
Teaching and educational support staff costs	-	3,573,612	3,573,612	2,088,361
Educational supplies	-	215,288	215,288	110,439
Examination fees	-	141,919	141,919	105,739
Staff development	-	21,785	21,785	7,308
Educational trips	-	274,371	274,371	88,112
Educational consultancy	-	-	-	-
Other direct costs	-	34,332	34,332	-
	-	4,261,307	4,261,307	2,399,959
Allocated support costs				
Support staff costs	-	623,432	623,432	368,215
Depreciation	-	161,837	161,837	81,880
Recruitment and support	-	10,899	10,899	1,555
Maintenance of premises and equipment	-	187,373	187,373	299,870
Cleaning	-	27,242	27,242	15,177
Rent, rates & utilities	-	140,902	140,902	58,617
Insurance	-	33,057	33,057	16,921
Security and transport	-	32,042	32,042	15,053
Catering	-	162,527	162,527	12,437
Bank interest and charges	46,877	-	46,877	26,903
Information and Communication Technology	-	147,425	147,425	107,374
Other support costs	-	78,881	78,881	130,716
	46,877	1,605,617	1,652,494	1,134,718
	46,877	5,866,924	5,913,801	3,534,677

11 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Legal and professional fees	-	24,804	24,804	25,148
Auditor's remuneration				
. Audit of financial statements	-	12,690	12,690	6,150
. Responsible officer audit	-	-	-	-
Support staff costs	-	15,561	15,561	7,610
Governors' reimbursed expenses	-	-	-	-
	-	53,055	53,055	38,908

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

12 Staff costs

Staff costs during the period were:	2012 £	2011 £
Wages and salaries	3,435,698	1,992,263
Social security costs	264,027	148,921
Pension costs	482,205	273,552
	<u>4,181,930</u>	<u>2,414,736</u>
Supply teacher costs	18,914	15,318
FRS17 Credit	(5,000)	(4,000)
Compensation payments	1,200	30,522
	<u>4,197,044</u>	<u>2,456,576</u>

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

	2012 No.	2011 No.
Charitable Activities		
Teachers	63	76
Administration and support	41	59
Management	5	5
	<u>109</u>	<u>140</u>

The number of employees whose emoluments fell within the following bands was:

	2012 No.	2011 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
	<u>3</u>	<u>3</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £31,976 (2011: £8,051).

13 Governors' remuneration and expenses

Principal/Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows:

Principal: £90,700 (2011: £90,700)
 Other staff Governor: £45,800 (2011: £45,800)
 Other staff Governor: £42,800 (2011: £42,800)
 Other staff Governor: £32,800 (2011: £32,800)

During the year ended 31 August 2012, travel and subsistence expenses totaling £nil (2011 - £nil) were reimbursed to governors.

Other related party transactions involving the governors are set out in note 28.

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

14 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2012 was £1,795 (2011 - £1,530).

The cost of this insurance is included in the total insurance cost.

15 Tangible Fixed Assets

	Freehold Land and Buildings	Solar Panels	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2011	9,710,000	-	162,025	160,000	21,000	10,053,025
Additions	11,375	210,320	79,892	80,556	-	382,143
Disposals	-	-	-	-	-	-
At 31 August 2012	9,721,375	210,320	241,917	240,556	21,000	10,435,168
Depreciation						
At 1 September 2011	50,699	-	9,451	18,667	3,063	81,880
Charged in year	87,059	1,753	23,999	44,542	4,484	161,837
Disposals	-	-	-	-	-	-
At 31 August 2012	137,758	1,753	33,450	63,209	7,547	243,717
Net book values						
At 31 August 2012	9,583,617	208,567	208,467	177,347	13,453	10,191,451
At 31 August 2011	9,659,301	-	152,574	141,333	17,937	9,971,145

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

16 Debtors

	2012	2011
	£	£
Trade debtors	7,915	5,680
Other debtors	1,891	11,000
Prepayments	145,438	73,162
	<u>155,244</u>	<u>89,842</u>

17 Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	95,327	174,864
Taxation and social security	144,137	85,259
Other creditors	-	324,792
Accruals and deferred income	295,623	282,086
	<u>535,087</u>	<u>867,001</u>

Deferred income

	2012
	£
Deferred Income at 1 September 2011	-
Resources deferred in the year	66,928
Amounts released from previous years	-
Deferred Income at 31 August 2012	<u>66,928</u>

At the balance sheet date the academy trust was holding funds received in advance for Language College courses booked for the autumn term 2012, monies for exam fees due to be refunded, grants for insurance and capital grants for 2012/13.

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

18 Funds

	Balance at 1 September 2011 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2012 £
Restricted general funds					
General Annual Grant (GAG)	(262,513)	5,091,726	(5,686,142)	856,929	-
Start Up Grant	-	-	-	-	-
Other DfE/EFA grants	262,513	65,787	-	(328,300)	-
Pension reserve	(881,000)	-	(72,000)	(213,000)	(1,166,000)
	(881,000)	5,157,513	(5,758,142)	315,629	(1,166,000)
Restricted fixed asset funds					
DfE/EFA capital grants	9,971,145	46,441	(161,837)	-	9,855,749
Capital expenditure from GAG	-	-	-	335,702	335,702
	9,971,145	46,441	(161,837)	335,702	10,191,451
Total restricted funds	9,090,145	5,203,954	(5,919,979)	651,331	9,025,451
Unrestricted funds					
Unrestricted funds	246,509	828,861	(46,877)	(864,331)	164,162
Total unrestricted funds	246,509	828,861	(46,877)	(864,331)	164,162
Total funds	9,336,654	6,032,815	(5,966,836)	(213,000)	9,189,613

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

Restricted general funds and other restricted funds

These relate to the Academy's development and operational activities.

Restricted fixed asset fund

These grants relate to capital funding to carry out works of a capital nature.

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the Pension Scheme.

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

19 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2012
	£	£	£	£
Tangible fixed assets	-	-	10,191,451	10,191,451
Current assets	164,162	535,087	-	699,249
Current liabilities	-	(535,087)	-	(535,087)
Pension scheme liability	-	(1,166,000)	-	(1,166,000)
Total net asset	164,162	(1,166,000)	10,191,451	9,189,613

20 Capital commitments

	2012 £	2011 £
Contracted for, but not provided in the financial statements	-	-

21 Financial commitments

Operating leases

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

	2012 £	2011 £
<u>Land and buildings</u>		
Expiring within one year	2,601	11,580
Expiring within two and five years inclusive	47,747	50,744
Expiring in over five years	-	-
	50,348	62,324

**Southend High School for Boys
Academy Trust Limited**
Company Limited by Guarantee

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

	2012	2011	
	£	£	
22 Reconciliation of net income to net cash inflow from operating activities			
(Deficit)/surplus on continuing operations after depreciation of assets	65,959	10,195,654	
Depreciation (note 15)	161,837	81,880	
Capital grants from DfE and other capital income	(46,441)	(10,053,025)	
Interest receivable (note 5)	(1,031)	(354)	
FRS 17 pension cost less contributions payable (note 27)	27,000	(4,000)	
FRS 17 pension finance (costs) income (note 27)	45,000	26,000	
(Increase)/decrease in debtors	(65,402)	(89,842)	
Increase/(decrease) in creditors	(331,914)	867,001	
Net cash inflow from operating activities	(144,992)	1,023,314	
23 Returns on investments and servicing of finance	2012	2011	
	£	£	
Interest received	1,031	354	
Net cash inflow from returns on investment and servicing of finance	1,031	354	
24 Capital expenditure and financial investment			
Purchase of tangible fixed assets	(382,143)	-	
Capital grants from DfE/EFA	46,441	10,053,025	
Capital funding received from sponsors and others	-	-	
Receipts from sale of tangible fixed assets	-	-	
Net cash outflow from capital expenditure and financial investment	(335,702)	10,053,025	
25 Analysis of changes in net funds	At 1 September 2011	Cash flows	At 31 August 2012
	£	£	£
Cash in hand and at bank	1,023,668	(479,663)	544,005
	<u>1,023,668</u>	<u>(479,663)</u>	<u>544,005</u>

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

25 Contingent Liabilities

There are no contingent liabilities in existence at the period end.

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.

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

27 Pension and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by [name]. Both are defined-benefit schemes.

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

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

Teachers' Pension Scheme

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

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

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

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

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.

Notes to the Financial Statements for the year ended 31 August 2012
(continued)

27 Pension and other obligations (continued)

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

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

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

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £125,000 (2011: £69,000), of which employer's contributions totaled £95,000 (2011: £53,000) and employees' contributions totaled £30,000 (2011: £16,000). The agreed contribution rates for future years are 12.5 per cent for employers and 5.9 per cent for employees.

The Academy is committed to making the following payments in addition to its current commitments of £35,635 for the period 1 April 2012 to 31 March 2013 and £37,238 for the period 1 April 2013 to 31 March 2014.

Principal Actuarial Assumptions	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	3.70%	4.20%
Rate of increase for pensions in payment / inflation	1.90%	2.70%
Discount rate for scheme liabilities	3.90%	5.30%
Inflation assumption (CPI)	1.90%	2.70%
Commutation of pensions to lump sums	0%	0%

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	At 31 August 2011
<i>Retiring today</i>		
Males	22.7	24.0
Females	25.3	26.8
<i>Retiring in 20 years</i>		
Males	24.1	22.6
Females	26.8	25.2

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £	Expected return at 31 August 2011	Fair value at 31 August 2011 £
Equities	5.90%	186,000	7.00%	113,000
Gilts	2.80%	16,000	3.70%	12,000
Bonds	3.90%	25,000	4.80%	14,000
Property	4.90%	36,000	6.00%	19,000
Cash	0.50%	11,000	0.50%	8,000
Total market value of assets		274,000		166,000
Present value of scheme liabilities				
- Funded		(1,440,000)		(1,047,000)
Surplus/(deficit) in the scheme		(1,166,000)		(881,000)

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

The actual return on scheme assets was £13,000 (2011: £2,000).

Amounts recognized in the statement of financial activities

	2012 £	2011 £
Current service cost (net of employee contributions)	90,000	49,000
Benefits paid	32,000	-
Employer contributions	(95,000)	-
Total operating charge	27,000	49,000

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	13,000	5,000
Interest on pension liabilities	(58,000)	(31,000)
Pension finance income / (costs)	(45,000)	(26,000)

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £220,000 loss (2011: £7,000 loss).

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

	2012 £	2011 £
At 1 September	1,047,000	951,000
Current service cost	90,000	49,000
Interest cost	58,000	31,000
Employee contributions	30,000	16,000
Actuarial (gain)/loss	215,000	-
At 31 August	<u>1,440,000</u>	<u>1,047,000</u>

Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

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

	2012 £	2011 £
At 1 September	166,000	99,000
Expected return on assets	13,000	5,000
Actuarial gain/(loss)	2,000	(7,000)
Employer contributions	95,000	53,000
Employee contributions	30,000	16,000
Benefits paid	(32,000)	-
At 31 August	<u>274,000</u>	<u>166,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £105,500.

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

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

	2012	2011	2010	2009	2008
	£	£	£	£	£
Present value of defined benefit obligations	(1,440,000)	(1,047,000)	-	-	-
Fair value of share of scheme assets	274,000	166,000	-	-	-
Deficit in the scheme	(1,166,000)	(881,000)	-	-	-
Experience adjustments on share of scheme assets					
Amount £	2,000	(7,000)	-	-	-
Experience adjustments on scheme liabilities:					
Amount £	215,000	-	-	-	-

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

28 Related Party Transactions

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

There were no recorded related party transactions during the period.