

Registered number: 07455452

Chatham & Clarendon Grammar School
(formerly The Chatham and Clarendon Grammar School Federation)
(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 August 2013

Chatham & Clarendon Grammar School
(A company limited by guarantee)

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Chatham & Clarendon Grammar School
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Reference and administrative details of the School, its trustees and advisers
For the year ended 31 August 2013

Trustees

Mr. R.A. Bath, Chair of Trustees
Mr. R.D Eager, Chair of Finance and Resources¹
Mr. D.D. Harris, Responsible Officer
Dr. C. Cain (appointed 14 May 2013)¹
Mrs. J.F. Davies (resigned 15 April 2013)
Mr. W.A. Ferguson, Staff Trustee (resigned 4 January 2013)
Mrs. S.B. Harris
Mrs. R. Hewett, Staff Trustee (appointed 14 May 2013)
Mrs. J. King
Mrs. D. Liddicoat, Principal (appointed 1 September 2012)¹
Mr. S.A. Marshall¹
Mrs. S. Slade (resigned 20 July 2013)¹
Ms. C. Tonkin Jukes, Staff Trustee (appointed 20 September 2012)
Mr. J. Waker (appointed 5 December 2012)¹
Mr. R. Walton (appointed 5 December 2012)
Mrs. R. Wilding, Director of Finance, Staff Trustee (resigned 25 March 2013)¹
Mr. S. Wren (appointed 12 September 2012)¹
Mr. D. Burney, Staff Trustee (appointed 3 December 2012)

¹ members of the Finance and Resources Committee

Company registered number 07455452

Principal and registered office Chatham Street
Ramsgate
Kent
CT11 7PS

Company secretary Mrs. J. Williams

Senior management team

Mrs. D. Liddicoat, Acting Principal and CEO
Dr. P. Birchley, Vice Principal - Lower School
Mr. M. Moody, Vice Principal - 6th Form
Mr. C. McFarlane, Assistant Principal
Mr. C. Bowman, Assistant Principal
Mr. C. Goodwin, Assistant Principal
Mrs. K. Parkins, Assistant Principal
Mr. C. Freeman, Business Manager
Mrs. R. Wilding, Bursar
Mrs. D. Canham, HR Assistant

Independent auditors UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Bankers Lloyds TSB Bank plc
3 Queen street
Ramsgate
Kent
CT11 7PS

Solicitors Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Chatham & Clarendon Grammar School
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Trustees' report
For the year ended 31 August 2013

The trustees present their annual report and auditors' report of the School for the year ended 31 August 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust (hereafter referred to as "the School") was incorporated on 30 November 2010 as a company limited by guarantee and an exempt charity. The School's memorandum and articles of association are its primary governing documents.

The trustees of The Chatham & Clarendon Grammar School Federation are also the directors of the School for the purposes of company law.

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

As from 1 September 2013 the School changed its name and status from "The Chatham & Clarendon Grammar School Federation" to Chatham & Clarendon Grammar School, following the merger of the two individual schools into one combined school (see note 28).

Members' liability

Each member of the School undertakes to contribute to the assets of the School in the event of it being wound up while they were 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.

Trustees' indemnities

The School maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its Trustees. The School has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the School.

Details of the insurance cover are provided in note 13 to the financial statements.

Principal activities

During the year ended 31 August 2013, and before the merger referred to above, the School was a federation between two schools in Ramsgate, Kent: Chatham House Grammar School and Clarendon House Grammar School. The trust took over the operation of the schools on 1st January 2011, the date of the schools' conversion to academy status. Since then the School's principal object and activity has been to manage the two schools' provision of education to pupils between the ages of 11 and 19.

Method of recruitment and appointment or election of trustees

The School has determined that there will be 16 trustees (directors) on the Board in the following categories:

- Five trustees appointed by members;
- Four staff trustees consisting of the Principal, plus three staff trustees who are elected by the staff at both schools. Employees of the School must not exceed one third of the total number of trustees;
- Four parent trustees who shall be elected by the parents/carers of registered pupils at the two schools. The elected parent trustee must be a parent/carer of a registered pupil at one of the two schools at the time when he or she is elected; and
- Three trustees co-opted by the Board of trustees.

A trustee's term of office is four years, save this does not apply to the Principal.

The trustees shall each school year, at their first meeting in that year, elect a chairman and a vice-chairman from among their number. A trustee who is employed by the School shall not be eligible for election as chairman or vice-chairman.

The trustees who were in office at 31 August 2013 and served throughout the year, except where shown, are listed on page one.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new trustees will be given a tour of the schools and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

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Trustees' report (continued)
For the year ended 31 August 2013

Organisation structure

The management structure consists of three levels: trustees, Senior Managers and the Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. They do this through their structure which consists of three committees, the Curriculum Committee; the Welfare Committee and the Finance & Resources Committee. The trustees, the members and the committees met every term during the 2012/2013 academic year. The committee structure will be increased to five to include an Audit Committee and a Pay Committee from September 2013.

The Senior Managers are the Principal, three Vice Principals, four Assistant Principals an HR Assistant and a Bursar. As from July 1st 2013 the HR Assistant and Bursar stood down from the Senior Management Team and were replaced by a Business Manager. These managers control the School at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

Risk management

The trustees have considered the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, and its finances. The trustees 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. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the following statement. The major risks are:

- failure to successfully recruit and retain pupils;
- changes to Government policy on Education Funding;
- changes to Education priorities by the Government;
- loss of a key member of the Senior Leadership Team;
- impact of an uncontrollable event, e.g. fire or flood;
- major injury or a Health & Safety issue or environmental incident; and
- changes to Pension policy or funding for the TPS and LGPS.

Connected organisations, including related parties

There is a Parent/Teacher Association, called the Friends of the Federation, charity registration no. 283471.

The school is also a founder member of BRESIC (Broadstairs and Ramsgate Ethos School Improvement Company) a collaborative trading partnership with five other church schools whose main aim is to share good practice in teaching and learning and achieve economies of scale in procuring goods and services.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the School is to provide high quality education for students of different abilities between the ages of 11 and 19. A more detailed summary is provided in the school prospectus (and on the website).

In accordance with the articles of association the School has adopted a "Scheme of Government" (Funding Agreement) approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

The main objectives of the School during the year ended 31 August 2013 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with primary schools, industry and commerce; and
- to conduct the School's business in accordance with the highest standards of integrity, probity and openness.

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Trustees' report (continued)
For the year ended 31 August 2013

The School's main strategy is encompassed in its mission statement which is: 'As a federation of grammar schools we are serious about the pursuit of academic excellence.' Our schools exist to identify and develop the full potential of each student, to equip them with the skills and the qualifications they need to achieve their ambition, whatever that may be. We have a very strong track record of examination success at GCSE and Advanced Level. A high proportion of our students go on to Higher Education, usually securing places at their first choice university. A fuller explanation of our key values and purposes is set out in the School prospectus which is on the School's website but is also available as a hard copy on request. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placements of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a wide selection of after school clubs to allow students to explore science, technology and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education;
- Co-operation and sharing good practice with other local schools.

Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the School's educational object and aims are demonstrably to the public benefit.

Amongst the benefits brought to the wider community by the School are:

- Use of the Astroturf at Chatham House and the Clarendon Newington Field by local sports clubs;
- Use of the halls by local community groups;
- Sixth Formers visit local primary schools with mentoring schemes, literacy and numeracy support;
- Sixth form assistance in charity shops;
- Sixth form support in libraries;
- Sports coaching;
- Sixth form support for youth clubs and extra curricular activities at the Royal School for the Deaf;
- Assistance in hedgerow planting scheme; and
- Help with local youth organisations.

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts and disabled toilets are installed in the CCVI centre and Beresford Road Science Block. Chatham House has stair lifts on its main staircase. The policy of the School is to support recruitment and retention of students and employees with disabilities. The School does this by making reasonable adjustment to the physical environment where possible, by making support resources available and through training and career development.

The School makes reasonable adjustments to ensure they are able to admit students with varying levels of disabilities within the constraints of the buildings and other resources available to it.

Achievements and performance

The School is now in its third year of operation. Total students in the year ended 31st August 2013 numbered 941 pre 16 and 453 16-19 (1,394 in total). The current PAN is 180 and in September 2013 we enrolled 181 Years 7s and 296 Year 12s.

Examination results for 2012/13 were very pleasing with an increase in the proportion of higher grades. At GCSE the pass rate of students gaining 5+ A*-C including Maths and English was 94.4% (90.5% for the previous year). At A level the overall pass rate was 99.8% and 54.4% of these was the higher grade A*-B (up from 99.2% and 47.8% respectively last year). The Average point score was up to 388 per student (340 last year). A full report of the public exam results and destinations of the sixth form leavers is published on the website.

To ensure that standards are continually raised the School operates a programme of observation of lessons; is visited regularly by inspectors and school improvement partners; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A-level to assess the added value. The School also participates in national programmes looking at added value through the key stages.

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Trustees' report (continued)
For the year ended 31 August 2013

The School monitors the destination of its leavers, the vast majority of who progress to higher education attending some of the top universities in the country.

Most students in Year 10 were able to participate in a weeks work experience and in Year 12 and 13 all students had the opportunity to participate in one afternoon each week of sport activities or work experience.

The School plays an active part in the local community including sporting activities, fund-raising for charities and much more.

The School is a local hub school for Gifted & Talented provision. It offers the full national curriculum for Year 7 to Year 11. The Sixth Form offers over 30 Level 3 e-courses (A levels and vocational courses). The School has an outstanding record of assisting students into higher education and for some years has had no 'NEETS'. The established House system, supported by sixth form prefects, regularly donate money to a range of local and national charities. Full details are published in the School newsletters and also on the website).

Staff achievements: The School has strong links with local higher education teacher-training establishments. Inset funds are made available to support a thorough CPD programme. A member of staff is employed to provide careers advice, organise a work experience programme and provide support for students going to university.

GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the School 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

Pupil numbers at Y7 decreased slightly in 2012/13 and it is hoped this trend will reverse in future years by the School continuing to improve its provision for students, thereby increasing education funding.

Staff costs to income at the end of the period was a ratio of 70.48%, compared to 72.28% in 2012. We understand from benchmarking against information available from other schools that our ratio is slightly lower than the average secondary school.

A grant was obtained from the Academies Capital Maintenance Fund to upgrade the Clarendon House Boilers. A loan of £69,173 was obtained through a government grant scheme to replace old light fittings with energy efficient lightbulbs within Chatham House and Clarendon House sites. Funding avenues will continue to be monitored.

FINANCIAL REVIEW

Most of the School's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2013, total income amounted to £7,815,312. Total expenditure in the year before actuarial losses on the Local Government Pension Scheme was £8,182,702, however this included depreciation of fixed assets, a non-cash flow movement, of £889,073. Therefore whilst net outgoing resources for the year before actuarial losses was £367,390, net income from operating activities before the depreciation charge was £521,683. The overall reduction in net funds, including the actuarial losses, was £381,390.

At 31 August 2013, the net book value of fixed assets was £31,996,220 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the School.

Financial and risk management objectives and policies

The School does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the trust's financial activities are liquidity risk and interest rate risk:

Liquidity risk - the School manages its cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.

Interest rate risk - the School currently has its current accounts which bring in a small amount of interest and has taken out two short-term higher rate interest bearing accounts in order to maximise income.

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Trustees' report (continued)
For the year ended 31 August 2013

Principal risks and uncertainties

The School monitors the principal risks and has drawn up a risk register which is regularly reviewed.

Reserves policy

The trustees review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free cash should be equivalent to four weeks expenditure, approximately £600,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial position

The School fund balances at 31 August 2013 of £31,776,425 comprising £31,996,220 of restricted fixed asset funds, £392,279 of other restricted funds, £357,686 of unrestricted funds, and a pension reserve deficit of £961,000.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due have been fixed for the three years from 1 April 2011.

PLANS FOR FUTURE PERIODS

The School's plans for the future in both the medium and long term are included in the School Improvement Plan, which is reviewed regularly. Key plans include:

- *Attainment & Achievement: Academic Standards. Improve student outcomes and increase the proportion of students' who progress to higher education:*
 - i) Teaching & Learning. Extend the "G2O" programme & Performance Management system and participate in the Teaching School consortium:- train middle-leaders & other colleagues as professional coaches & mentors, sharpen the focus in Department Reviews, implement a systematic approach to Quality Assurance, increase the ratio of lessons judged "Good" & "Outstanding";
 - ii) Targeted Intervention. Support individual learners via an extension of the "Grade Booster" programme, expanding the work of the SEN/AEN team, and increasing provision/the programme of activities for Gifted & Talented students; extend the role of the new Federal Careers & Guidance Officer.
 - iii) Assessment & Reporting: review & update the current approach to monitoring & reporting student progress, to fully exploit potential of SIMS for a more effective system focused on formative rather than summative assessment.
- *Behaviour, Welfare, Ethos: Pastoral Standards. Maintain the highest standards of student behaviour and positive engagement with school as the boys and girls are integrated within the urban campus:*
 - i) Fully implement & monitor a common system of behaviour management (sanctions & rewards), attendance monitoring, etc.;
 - ii) Fully implement & monitor the integrated federal House system, promote participation of boys & girls with school community by programme of House based competitive & collaborative activities; monitor the integration of boys & girls across the urban campus and reinforce positive distinctive ethos of Lower School & Upper School at the respective sites.
 - iii) Urban campus: inter-site movement (6th formers & staff) - monitor and enhance well-being of students & colleagues.

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Trustees' report (continued)
For the year ended 31 August 2013

PLANS FOR FUTURE PERIODS (continued)

- *Finance & Personnel:*

i) Monitor Academy budget ensuring sound operational surplus/contingency; explore options for operational economies & savings within budget lines and of income generation; maximise opportunities presented by wider association of academies/other partner schools for economies of scale, benchmarked Value for Money purchases of goods & services;

ii) Monitor & promote student recruitment; review & adjust teaching group sizes, staffing budget & timetable deployments to ensure viable cost-effective arrangements which will maintain a balanced budget; review and where necessary modify staffing structures to maintain sustainable leadership & management.

- *The Learning Environment:*

i) Implement and monitor (minor works) changes to the buildings which support the operations of the urban campus, ensuring that these are completed on time, to the required standard and within the assigned budget. As/when further financial resources become available (i.e. from successful bids to the DfE's Academies Repair Fund), to develop and implement additional elements of this plan.

ii) Capitalise the "Red House" site to fund further improvements.

iii) Investigation/feasibility study into the use of Newington Fields.

iv) Improve library facilities at the Clarendon House site.

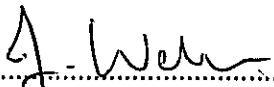
DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the School's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the School's auditors are aware of that information.

AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report was approved by the board of trustees on 03/12/2013 and signed on their behalf by:


.....
~~Mr. R.A. Burt~~ **MR J. WAKER**
VICE Chair of Trustees

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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Chatham & Clarendon Grammar 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 board of trustees has delegated the day-to-day responsibility to Mrs. D. Liddicoat, 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 Chatham & Clarendon Grammar School and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the trustees' responsibilities statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr. R.A. Bath	6	6
Mr. D. Burney	2	4
Dr. C. Cain	1	1
Mrs. J.F. Davies	3	3
Mr. R.D Eager	4	6
Mr. W.A. Ferguson	2	2
Mr. D.D. Harris	3	6
Mrs. S.B. Harris	4	6
Mrs. R. Hewett	1	1
Mrs. J. King	6	6
Mrs. D. Liddicoat	6	6
Mr. S.A. Marshall	3	6
Mrs. S. Slade	6	6
Ms. C. Tonkin Jukes	6	6
Mr. J. Waker	6	6
Mr. R. Walton	5	6
Mrs. R. Wilding	4	4
Mr. S. Wren	6	6

This has again been a challenging year for trustees with the appointment of seven new trustees. The good news is that with recent elections and appointments, the board has been strengthened and as at 31 August 2013 there was only one vacancy for a co-opted trustee.

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and guide financial activity of the School and to ensure resources are properly used.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs. S. Slade	6	6
Mr. R.D. Eager	1	1
Mrs. D. Liddicoat	6	6
Dr. C. Cain	1	1
Mr. S.A. Marshall	4	6
Mrs. R. Wilding	4	4
Mr. S. Wren	6	6
Mr. J. Waker	5	5

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Governance Statement (continued)

The audit committee is a sub-committee of the main board of trustees. Its purpose is to maintain an oversight of the School's governance, risk management, internal control and value for money framework. It will report its findings regularly to the board of Trustees and the Accounting Officer as a critical element of the School's annual reporting requirements.

The Audit Committee has no executive powers or operational responsibilities/duties. For this Academic year the Audit Committee functions were overseen by the Finance and Resources Committee. It is understood that this decision was not in accordance with the Academy's Financial Handbook and steps have now been undertaken to set up an independent Audit Committee

Attendance at meetings in the year was as the Finance and Resources Committee referred to above.

The Finance and Resources Committee approved the continuation of an operating lease in respect of the provision of photocopiers through the Local Authority, two new operating leases for franking machines, and the installation of new energy efficient lighting funded by a government grant scheme.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of School's 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 for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees have reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees.

The Risk and Control Framework

The School'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 Board of Trustees;
- regular reviews by the Finance and Resources 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 Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr. D. Harris, a Trustee, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board's financial responsibilities.

Review of Effectiveness

As Accounting Officer Mrs. D. Liddicoat 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 School who have responsibility for the development and maintenance of the internal control framework.

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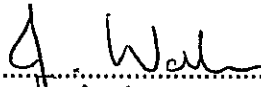
Governance Statement (continued)

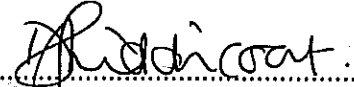
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The School confirms that the Responsible Officer function has been fully delivered in line with the EFA's requirements.

As outlined above within the report, the Accounting Officer has to report two areas of non-compliance with the Academies Financial Handbook. Recommendations have been implemented to ensure compliance in the future.

This report was approved by the trustees on 03/12/2013 and signed on their behalf by:


.....
~~Mr. R. A. Bell~~ Mr J. WAKE
VICE-Chair of Trustees


.....
Mrs D. Liddicoat
Accounting Officer

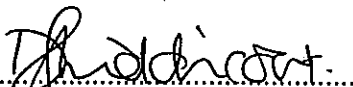
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chatham & Clarendon Grammar School I have considered my responsibility to notify the School board of trustees 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 School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the School board of trustees are able to identify any material, irregular or improper use of funds by the School, or material non-compliance with the terms and conditions of funding under the School's funding agreement and the Academies Financial Handbook (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. However I would draw your attention to the comments in the Governance Statement explaining why the trust has not established an Audit Committee during the year. I must also report that the trust did not seek approval from the Secretary of State, in accordance with the Academies Financial Handbook, before committing to two new operating leases which were longer than three years in length. Procedures are in place to ensure that approval is always obtained in the future where required.



.....
Mrs. D. Liddicoat
Accounting Officer

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' responsibilities statement
For the year ended 31 August 2013

The trustees of Chatham & Clarendon Grammar School (who are also the directors of the academy trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

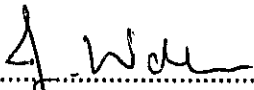
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on 03/12/2013 and signed on its behalf by:


.....
Mr. R.A. Dyer, Chair of Trustees
MR J. WAGGE VICE-CHAIR

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent auditors' report to the members of Chatham & Clarendon Grammar School

We have audited the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2013 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 trust's members, as a body, those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust's members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the academy trust 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 School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report 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 School's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent auditors' report to the members of Chatham & Clarendon Grammar School

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Registered Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 12 December 2017

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Chatham & Clarendon Grammar School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chatham & Clarendon Grammar School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Chatham & Clarendon Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chatham & Clarendon Grammar School's funding agreement with the Secretary of State for Education dated 17 December 2010, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2013 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Chatham & Clarendon Grammar School and the Education Funding Agency (continued)

Conclusion

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



UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 12 December 2013

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account and statement of recognised gains and losses)
For the year ended 31 August 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	56,903	-	-	56,903	67,556
Activities for generating funds	3	290,674	-	-	290,674	240,786
Investment income	4	2,105	-	-	2,105	1,285
Incoming resources from charitable activities	5	-	7,351,519	114,111	7,465,630	7,983,621
Total incoming resources		349,682	7,351,519	114,111	7,815,312	8,293,248
Resources expended						
Costs of generating funds	6	267,160	-	-	267,160	221,281
School's educational operations	8	58,404	6,908,258	889,073	7,855,735	8,493,626
Governance costs	9	-	59,807	-	59,807	99,614
Total resources expended	7	325,564	6,968,065	889,073	8,182,702	8,814,521
Net incoming resources / (resources expended) before transfers		24,118	383,454	(774,962)	(367,390)	(521,273)
Transfers between Funds	20	-	(123,958)	123,958	-	-
Net expenditure for the year		24,118	259,496	(651,004)	(367,390)	(521,273)
Actuarial gains and losses on defined benefit pension schemes	20	-	(14,000)	-	(14,000)	(242,000)
Net movement in funds for the year		24,118	245,496	(651,004)	(381,390)	(763,273)
<i>Total funds at 1 September 2012</i>	20	<i>333,568</i>	<i>(814,217)</i>	<i>32,647,224</i>	<i>32,166,575</i>	<i>32,929,848</i>
Total funds at 31 August 2013	20	357,686	(568,721)	31,996,220	31,785,185	32,166,575

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

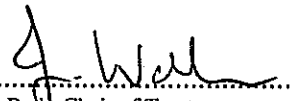
The notes on pages 20 to 38 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)
Registered number: 07455452

Balance sheet
As at 31 August 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	16		31,996,220		32,647,224
Current assets					
Debtors	17	172,045		451,971	
Cash at bank and in hand		1,137,468		452,920	
			<u>1,309,513</u>	<u>904,891</u>	
Creditors: amounts falling due within one year	18	(490,375)		(454,540)	
Net current assets			<u>819,138</u>		<u>450,351</u>
Total assets less current liabilities			<u>32,815,358</u>		<u>33,097,575</u>
Creditors: amounts falling due after more than one year	19		(69,173)		-
Net assets excluding pension scheme liabilities			<u>32,746,185</u>		<u>33,097,575</u>
Defined benefit pension scheme liability	25		(961,000)		(931,000)
Net assets including pension scheme liabilities			<u>31,785,185</u>		<u>32,166,575</u>
Funds of the academy					
Restricted funds :					
General Annual Grant funds	20	365,547		116,783	
Other restricted funds	20	26,732		-	
Fixed asset funds	20	31,996,220		32,647,224	
			<u>32,388,499</u>	<u>32,764,007</u>	
Restricted funds excluding pension liability					
Pension reserves		(961,000)		(931,000)	
Total restricted funds			<u>31,427,499</u>		<u>31,833,007</u>
Unrestricted funds	20		357,686		333,568
Total funds			<u>31,785,185</u>		<u>32,166,575</u>

The financial statements were approved by the trustees, and authorised for issue, on 03/12/2013 and are signed on their behalf, by:


Mr. R.A. Dobb, Chair of Trustees
Vice-Chair of Trustees MR J. WAKER

The notes on pages 20 to 38 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Cash flow statement
For the year ended 31 August 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	22	851,339	(65,130)
Returns on investments and servicing of finance	23	2,105	1,285
Capital expenditure and financial investment	23	(238,069)	(218,110)
Cash inflow/(outflow) before financing		<u>615,375</u>	<u>(281,955)</u>
Financing	23	69,173	-
Increase/(Decrease) in cash in the year	24	<u><u>684,548</u></u>	<u><u>(281,955)</u></u>

Reconciliation of net cash flow to movement in net funds
For the year ended 31 August 2013

		2013 £	2012 £
Increase/(Decrease) in cash in the year		684,548	(281,955)
Cash outflow from decrease in debt and lease financing		(69,173)	-
Movement in net funds in the year		<u>615,375</u>	<u>(281,955)</u>
Net funds at 1 September 2012		452,920	734,875
Net funds at 31 August 2013	24	<u><u>1,068,295</u></u>	<u><u>452,920</u></u>

The notes on pages 20 to 38 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable United Kingdom accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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.

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

The value of donated services and gifts in kind provided to the School are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School 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 the School's policies.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies (continued)

1.4 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.

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

Charitable activities are costs incurred in the School's educational operations.

Governance costs include the costs attributable to the School's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

1.5 Going concern

The trustees 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 School to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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 are 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 School's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%
Plant and machinery	-	15%
Motor vehicles	-	25%
Fixtures and fittings	-	25%
Computer equipment and software	-	33.33%

1.7 Operating leases

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

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

1. Accounting policies (continued)

1.8 Taxation

The School 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 School 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.

1.9 Pensions

Retirement benefits to employees of the School 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 School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 25, the TPS is a multi-employer scheme and the School 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 School 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 the 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 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.

2. Voluntary income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
Donations	56,903	-	56,903	67,556

3. Activities for generating funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
Income from facilities and services	36,407	-	36,407	74,182
School trips income	254,267	-	254,267	166,604
	<u>290,674</u>	<u>-</u>	<u>290,674</u>	<u>240,786</u>

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

4. Investment income

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
Short term deposits	2,105	-	2,105	1,285

5. Funding for Academy's educational operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
DfE/EFA revenue grants				
General Annual Grant (GAG) - Chatham House	-	3,707,066	3,707,066	4,260,988
General Annual Grant (GAG) - Clarendon House	-	3,397,098	3,397,098	3,445,036
Other DfE/EFA grants	-	162,898	162,898	56,430
	-	7,267,062	7,267,062	7,762,454
Other government grants				
Other government grants - Chatham House	-	70,446	70,446	72,281
Other government grants - Clarendon House	-	14,012	14,012	976
	-	84,458	84,458	73,257
DfE/EFA capital grants				
DfE/EFA capital grants - Chatham House	-	16,791	16,791	89,259
DfE/EFA capital grants - Clarendon House	-	97,319	97,319	58,651
	-	114,110	114,110	147,910
	-	7,465,630	7,465,630	7,983,621

6. Costs of activities for generating funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
Costs of activities for generating funds	248,730	-	248,730	202,752
Allocated clerical staff costs	8,987	-	8,987	8,903
Allocated occupancy costs	9,443	-	9,443	9,626
	267,160	-	267,160	221,281

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

7. Analysis of resources expended by expenditure type

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	<i>Total 2012 £</i>
Costs of generating voluntary income	8,987	9,443	248,730	267,160	221,281
School's educational operations:					
Direct costs	4,703,905	666,952	597,699	5,968,556	6,555,449
Support costs	766,829	576,191	544,159	1,887,179	1,938,177
	5,470,734	1,243,143	1,141,858	7,855,735	8,493,626
Governance	22,469	23,608	13,730	59,807	99,614
	5,502,190	1,276,194	1,404,318	8,182,702	8,814,521

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2013

8. Charitable activities - School's educational operations

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Direct costs				
Wages and salaries	-	3,957,281	3,957,281	4,419,211
National insurance	-	270,800	270,800	315,006
Pension cost	-	475,824	475,824	513,151
Depreciation	-	844,619	844,619	825,221
Books, apparatus and stationery	12,889	165,240	178,129	217,578
Examination fees	16,545	160,903	177,448	183,914
Staff development	-	23,685	23,685	30,997
Educational consultancy	-	13,342	13,342	11,205
Other direct costs	19,744	7,684	27,428	39,166
	<u>49,178</u>	<u>5,919,378</u>	<u>5,968,556</u>	<u>6,555,449</u>
Support costs				
Wages and salaries	105	629,975	630,080	554,655
National insurance	-	39,836	39,836	42,955
Pension cost	-	96,913	96,913	96,000
Depreciation	-	44,454	44,454	43,432
Defined benefit scheme finance cost	-	24,000	24,000	33,000
Recruitment and support	-	99,088	99,088	77,825
Maintenance of premises and equipment	-	141,115	141,115	257,788
Cleaning	-	136,104	136,104	178,907
Rates	-	53,064	53,064	51,037
Heat and light	-	147,554	147,554	126,102
Insurance	-	77,125	77,125	66,888
Security	-	3,736	3,736	1,605
Transport	-	16,341	16,341	16,645
Catering	8,207	44,609	52,816	34,962
Technology costs	-	108,484	108,484	174,568
Brought in professional services	-	134,349	134,349	107,486
Bank interest and charges	-	62	62	28
Other support costs	914	81,144	82,058	74,294
	<u>9,226</u>	<u>1,877,953</u>	<u>1,887,179</u>	<u>1,938,177</u>
	<u>58,404</u>	<u>7,797,331</u>	<u>7,855,735</u>	<u>8,493,626</u>

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9. Governance costs

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	<i>Total funds 2012 £</i>
Legal and professional fees	-	-	-	<i>17,964</i>
Auditors' remuneration	-	9,125	9,125	<i>8,950</i>
Auditors' non audit costs	-	4,605	4,605	<i>4,120</i>
Support costs (allocated occupancy costs)	-	23,608	23,608	<i>24,065</i>
Support costs (allocated clerical staff costs)	-	22,469	22,469	<i>44,515</i>
	<u>-</u>	<u>59,807</u>	<u>59,807</u>	<u><i>99,614</i></u>

10. Net incoming resources / (resources expended)

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets: - owned by the academy trust	889,073	<i>868,653</i>
Auditors' remuneration	9,125	<i>8,950</i>
Auditors' remuneration - non-audit	4,605	<i>4,120</i>
Operating lease rentals	31,380	<i>24,068</i>
	<u>889,073</u>	<u><i>868,653</i></u>

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11. Staff costs

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	4,530,624	4,982,425
Social security costs	310,636	357,961
Pension costs	572,737	609,151
	<u>5,413,997</u>	<u>5,949,537</u>
Supply teacher costs	48,404	44,859
Compensation payments	39,789	-
	<u>5,502,190</u>	<u>5,994,396</u>

Included in the compensation payments total above are individual payments of £12,205, £9,114, £7,500 and £7,731.

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

	2013 No.	2012 No.
Teachers	87	88
Administration and support	42	37
Management	5	6
	<u>134</u>	<u>131</u>

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

	2013 No.	2012 No.
In the band £ 60,001 - £ 70,000	2	0
In the band £ 70,001 - £ 80,000	1	3
In the band £ 100,001 - £ 110,000	0	1
	<u>3</u>	<u>4</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £30,074 (2012: £30,168).

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12. Trustees' remuneration and expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the School in respect of their role as trustees. The value of trustees' remuneration fell within the following bands (remuneration is only stated for the period during which each individual was a trustee):

	2013 £	2012 £
Mrs. D. Liddicoat, Principal	75,000-80,000	-
Mr. W.A. Ferguson, Staff Trustee until 4 January 2013	10,000-15,000	45,000-50,000
Mr. D. Burney, Staff Trustee from 3 December 2012	40,000-45,000	-
Ms. C. Tonkin Jukes, Staff Trustee from 20 September 2012	35,000-40,000	-
Mrs. R. Wilding, Director of Finance, Staff Trustee until 25 March 2013	20,000-25,000	35,000-40,000
Mrs. R. Hewett, Staff Trustee from 3 December 2012	5,000-10,000	-

During the year, no trustees received any benefits in kind (2012 - £NIL).

During the year, no trustees received any reimbursement of expenses (2012 - £NIL).

13. Trustees' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,338 (2012 - £1,039).

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

14. Members' Liability

Each member of the academy trust undertakes to contribute to the assets of the trust 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.

15. Other finance income

	2013 £	2012 £
Expected return on pension scheme assets	45,000	36,000
Interest on pension scheme liabilities	(69,000)	(69,000)
	<u>(24,000)</u>	<u>(33,000)</u>

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16. Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computer equipment and software £	Total £
Cost				
At 1 September 2012	33,325,247	256,793	468,731	34,050,771
Additions	4,524	165,258	68,287	238,069
At 31 August 2013	<u>33,329,771</u>	<u>422,051</u>	<u>537,018</u>	<u>34,288,840</u>
Depreciation				
At 1 September 2012	1,106,774	65,138	231,635	1,403,547
Charge for the year	666,879	59,842	162,352	889,073
At 31 August 2013	<u>1,773,653</u>	<u>124,980</u>	<u>393,987</u>	<u>2,292,620</u>
Net book value				
At 31 August 2013	<u>31,556,118</u>	<u>297,071</u>	<u>143,031</u>	<u>31,996,220</u>
<i>At 31 August 2012</i>	<u>32,218,473</u>	<u>191,655</u>	<u>237,096</u>	<u>32,647,224</u>

17. Debtors

	2013 £	2012 £
Other debtors	48,991	250,209
Prepayments and accrued income	123,054	201,762
	<u>172,045</u>	<u>451,971</u>

**18. Creditors:
Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	238,645	59,676
Other taxation and social security	102,842	116,749
Other creditors	18,492	18,783
Accruals and deferred income	130,396	259,332
	<u>490,375</u>	<u>454,540</u>

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18. Creditors:
Amounts falling due within one year (continued)

	£
Deferred income	
Deferred income at 1 September 2012	173,415
Resources deferred during the year	120,501
Amounts released from previous years	(173,415)
	<u>120,501</u>
Deferred income at 31 August 2013	<u>120,501</u>

Deferred income as at 31 August 2013 comprises £77,539 for contributions received towards trips in the 2013/14 academic year, £24,262 EFA insurance grant for the period 1 September 2013 to 31 March 2013, and Academy Capital Maintenance Fund grant funding of £18,700, which has been deferred on the basis that the School has not yet contracted for the project this funding will be spent on.

19. Creditors:
Amounts falling due after more than one year

	2013	2012
	£	£
Other loans	<u>69,173</u>	<u>-</u>

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20. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted general fund	333,568	349,682	(325,564)	-	-	357,686
Restricted funds						
General Annual Grant (GAG)	116,783	7,104,163	(6,731,441)	(123,958)	-	365,547
Other DfE/EFA revenue grants	-	162,898	(137,539)	-	-	25,359
Other government grants	-	84,458	(83,085)	-	-	1,373
Pension reserve	(931,000)	-	(16,000)	-	(14,000)	(961,000)
	(814,217)	7,351,519	(6,968,065)	(123,958)	(14,000)	(568,721)
Restricted fixed asset funds						
DfE/EFA capital grants	154,874	114,111	(77,962)	-	-	191,023
Donated asset fund	32,333,606	-	(677,021)	-	-	31,656,585
Capital expenditure from revenue funds	158,744	-	(134,090)	123,958	-	148,612
	32,647,224	114,111	(889,073)	123,958	-	31,996,220
Total restricted funds	31,833,007	7,465,630	(7,857,138)	-	(14,000)	31,427,499
Total of funds	32,166,575	7,815,312	(8,182,702)	-	(14,000)	31,785,185

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

(i) General Annual Grants must be used for the normal running costs of the School.

(ii) The other DfE/EFA grants fund is used to track grants provided by the DfE and related bodies, and includes, Pupil Premium, 16-19 Bursary and PE Teachers' Grant. The pupil grants have been used to enhance the learning of disadvantaged pupils by subsidising school trips, purchasing uniform, and providing staffing for learning support at GCSE. The PE Teachers' Grant has provided a Sports Community Officer in school.

(iii) The other government grants fund is used to track grants provided by government departments other than the DfE/EFA and includes grants received from Kent County Council such as Pupil Premium for Looked After Children, used as above.

(iv) The pension reserves relates to the School's share of the deficit of the Local Government Pension Schemes overseen by its Local Authority.

(iv) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the General Annual Grant funds to the restricted fixed asset fund of £123,958 in total represent the total capital expenditure incurred out of GAG funds during the year.

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

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20. Statement of funds (continued)

Analysis of schools by fund balance

Fund balances at 31 August 2013 were allocated as follows:

	Total £
Chatham House Grammar School	223,748
Clarendon House Grammar School	526,217
Total before fixed asset fund and pension reserve	749,965
Restricted fixed asset fund	31,996,220
Pension reserve	(961,000)
Total	31,785,185

Analysis of academies by cost

Expenditure incurred by each school during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Chatham House Grammar School	2,661,361	407,603	408,092	465,333	3,942,389
Clarendon House Grammar School	2,206,602	274,311	422,201	448,126	3,351,240
	<u>4,867,963</u>	<u>681,914</u>	<u>830,293</u>	<u>913,459</u>	<u>7,293,629</u>

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	333,568	349,682	(325,564)	-	-	357,686
Restricted funds	(814,217)	7,351,519	(6,968,065)	(123,958)	(14,000)	(568,721)
Restricted fixed asset funds	32,647,224	114,111	(889,073)	123,958	-	31,996,220
	<u>32,166,575</u>	<u>7,815,312</u>	<u>(8,182,702)</u>	<u>-</u>	<u>(14,000)</u>	<u>31,785,185</u>

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21. Analysis of net assets between funds

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	31,996,220	31,996,220	32,647,224
Current assets	357,686	951,828	-	1,309,514	904,891
Creditors due within one year	-	(490,376)	-	(490,376)	(454,540)
Creditors due in more than one year	-	(69,173)	-	(69,173)	-
Provisions for liabilities and charges	-	(961,000)	-	(961,000)	(931,000)
	<u>357,686</u>	<u>(568,721)</u>	<u>31,996,220</u>	<u>31,785,185</u>	<u>32,166,575</u>

22. Net cash flow from operations

	2013 £	2012 £
Net incoming resources before revaluations	(367,390)	(521,273)
Returns on investments and servicing of finance	(2,105)	(1,285)
Depreciation of tangible fixed assets	889,073	868,653
Decrease/(increase) in debtors	279,926	(169,643)
Increase/(decrease) in creditors	35,835	(240,582)
FRS 17 pension cost less contributions payable	(8,000)	(34,000)
FRS 17 pension finance cost	24,000	33,000
Net cash inflow/(outflow) from operations	<u>851,339</u>	<u>(65,130)</u>

23. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	2,105	1,285
	<u>2,105</u>	<u>1,285</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(238,069)	(218,110)
	<u>(238,069)</u>	<u>(218,110)</u>
Financing		
Other new loans	69,173	-
	<u>69,173</u>	<u>-</u>

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24. Analysis of changes in net funds

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	452,920	684,548	-	1,137,468
Debt:				
Debts falling due after more than one year	-	(69,173)	-	(69,173)
Net funds	<u>452,920</u>	<u>615,375</u>	<u>-</u>	<u>1,068,295</u>

25. Pension commitments

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

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

Contributions amounting to £18,492 were payable to the scheme at 31 August 2013 (2012 - £18,783) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

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25. Pension commitments (continued)

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

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

Teachers' Pension Scheme Changes

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School 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 School has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £224,000 (2012: £213,000), of which employer's contributions totalled £177,000 (2012: £169,000) and employees' contributions totalled £47,000 (2012: £44,000). The agreed contribution rates for future years are 23.1% for employers and 5.5 and 7.5% for employees.

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

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25. Pension commitments (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £
Equities	6.60	773,000	5.90	531,000
Bonds	4.40	129,000	3.90	99,000
Property	4.60	86,000	3.90	76,000
Gilts	3.50	-	2.80	8,000
Cash	0.50	43,000	0.50	23,000
Target return portfolio	5.00	43,000	4.40	23,000
Total market value of assets		<u>1,074,000</u>		<u>760,000</u>
Present value of scheme liabilities		<u>(2,035,000)</u>		<u>(1,691,000)</u>
Deficit in the scheme		<u>(961,000)</u>		<u>(931,000)</u>

The amounts recognised in the Balance sheet are as follows:

	2013 £	2012 £
Present value of funded obligations	(2,035,000)	(1,691,000)
Fair value of scheme assets	<u>1,074,000</u>	<u>760,000</u>
Net liability	<u>(961,000)</u>	<u>(931,000)</u>

The amounts recognised in the Statement of financial activities are as follows:

	2013 £	2012 £
Current service cost	(169,000)	(96,000)
Interest on obligation	(69,000)	(69,000)
Expected return on scheme assets	<u>45,000</u>	<u>36,000</u>
Total	<u>(193,000)</u>	<u>(129,000)</u>
Actual return on scheme assets	<u>129,000</u>	<u>66,000</u>

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25. Pension commitments (continued)

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

	2013 £	2012 £
Opening defined benefit obligation	1,691,000	1,223,000
Current service cost	169,000	96,000
Interest cost	69,000	69,000
Contributions by scheme participants	47,000	34,000
Actuarial Losses	100,000	270,000
Benefits paid	(41,000)	(1,000)
	<u>2,035,000</u>	<u>1,691,000</u>

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

	2013 £	2012 £
Opening fair value of scheme assets	760,000	533,000
Expected return on assets	45,000	36,000
Actuarial gains and (losses)	86,000	28,000
Contributions by employer	177,000	130,000
Contributions by employees	47,000	34,000
Benefits paid	(41,000)	(1,000)
	<u>1,074,000</u>	<u>760,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was a loss of £177,000 (2012 - loss of £163,000).

The School expects to contribute £155,000 to its Defined benefit pension scheme in 2014.

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

	2013	2012
Discount rate for scheme liabilities	4.70 %	3.90 %
Rate of increase in salaries	5.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %
Inflation assumption (CPI)	2.90 %	1.90 %

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

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

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis (shown on a combined basis to include both schools) indicates the impact of a small change in either the discount rate of mortality assumptions:

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25. Pension commitments (continued)

	£	£	£
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
Present value of total obligation	1,987,000	2,035,000	2,085,000
Projected service cost	174,000	180,000	186,000
Adjustment to mortality age rating assumption:	+ 1 year	None	- 1 year
- Present value of total obligation	1,960,000	2,035,000	2112,000
- Projected service cost	171,000	180,000	189,000

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013	2012
	£	£
Defined benefit obligation	(2,035,000)	(1,691,000)
Scheme assets	1,074,000	760,000
Deficit	<u>(961,000)</u>	<u>(931,000)</u>
Experience adjustments on scheme liabilities	-	-
Experience adjustments on scheme assets	<u>86,000</u>	<u>28,000</u>

26. Operating lease commitments

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

	2013	2012
	£	£
Expiry date:		
Within 1 year	9,201	528
Between 2 and 5 years	<u>34,501</u>	<u>20,843</u>

27. Related party transactions

No transactions were undertaken with the trustees, or any businesses in which the trustees have business interests, during the year.

28. Ultimate controlling party

The School is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

29. Post balance sheets events

On 1 September 2013 the two schools within the trust, Chatham House Grammar School and Clarendon House Grammar School, merged to become one combined school. Accordingly the trust changed its name on 1 September 2013 to Chatham & Clarendon Grammar School.