

**ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

**FINANCIAL STATEMENTS  
31 DECEMBER 2010**

## ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

### Officers

John Fairhurst, President  
John Morgan, Immediate past president  
Peter Kent, Honorary Treasurer  
Brian Lightman, General Secretary

Joan McVittie, President-elect  
Sue Moore, Honorary Secretary  
Mike Griffiths, Membership Officer

### Bankers

HSBC  
2-6 Gallowtree Gate  
Leicester  
Leicestershire  
LE1 1DA

National Westminster Bank PLC  
135 Bishopsgate  
London  
EC2M 3UR

### Auditors

Clement Keys  
Chartered Accountants and Statutory Auditors  
39/40 Calthorpe Road  
Edgbaston  
Birmingham B15 1TS

### Investment Manager

Veritas Asset Management (UK) Ltd  
Elizabeth House  
39 York Road  
London  
SE1 7NQ

**ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

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# **ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

## **REPORT OF THE OFFICERS**

The Association of School and College Leaders is a professional association and a registered trade union serving the leaders of secondary schools and colleges.

### **Statement of Officers' responsibilities**

The constitution requires the officers to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association of School and College Leaders and of the income and expenditure of the Association for that period. In preparing those financial statements, the officers are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue.

The Officers are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association of School and College Leaders and to enable them to ensure that the financial statements comply with the accounting standards. They are also responsible for safeguarding the assets of the Association of School and College Leaders and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and the maintenance of appropriate internal controls.

The Officers are responsible for the maintenance and integrity of the corporate and financial information included on the Association of School and College Leaders' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each of the officers are aware at the time the report is approved:

- there is no relevant audit information of which the auditors are unaware; and
- the officers have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Treasurer's report for the accounts**

Support for our members remains the keystone of the Association. The budget has enabled a very broad range of activities, advice, guidance and direct member support to be carried out, as well as continuing to influence national education decisions and policies for the benefit of all members.

The Association appointed new accountants and auditors in 2010 and you will notice that the accounts are presented in a slightly different format. The shortened version is attached with the full version available on the ASCL website or on request. The accountants have extracted all of the working proceeds and included them under Income whereas in previous years some of this was netted off against costs. Where we can, we have restated the 2009 comparative figures to show true comparisons but it hasn't always been possible. The audit committee received a full report from the accountants and was happy with the explanations for all the anomalies. We also considered that the accounts were much clearer and easier to understand.

One of the anomalies worth mentioning is that it may appear that the cost of headquarter's staffing has gone down and the support for members has increased exponentially. This is because membership support staffing was increased during 2010 and also all of the salaries for the staff who work directly supporting members have been extracted from HQ staffing, giving a clearer picture of exactly how much is spent in that area.

# ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

## REPORT OF THE OFFICERS - continued

### **Treasurer's report for the accounts (continues)**

The budget for 2010 came in with a surplus of £672,412 (consolidated amount) and the association was able to invest £450,000 in the legal defence fund. This fund now stands at £2,026,347. In addition, you will note from the Balance Sheet that the sum of £232,000 has been set aside for specific projects to ease the burden on the budget in both 2011 and 2012.

In conclusion the Association is in a very healthy financial state, more than able to continue to give its members a very high level of service whilst freezing subscriptions for 2012 and 2013.

### **Auditors**

Following a competitive tendering exercise during the year, the officers changed auditors. Clement Keys have indicated their willingness to continue in office.

This report was approved by the Council on 9 June 2011 and signed on its behalf by:

.....

B Lightman – General Secretary

# **ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

## **INDEPENDENT AUDITORS' REPORT TO MEMBERS OF THE ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

We have audited the financial statements of the Association of School and College Leaders for the year ended 31 December 2010 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the officers and auditors**

As explained more fully in the Statement of Officers responsibilities set out on page 1 the officers 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.

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 misstatements, whether caused by fraud or error. This includes an assessment or whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the officers and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2010 and of its surplus 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 Trade Union and Labour Relations (Consolidation) Act 1992.

# **ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

## **INDEPENDENT AUDITORS' REPORT - continued**

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

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- a satisfactory system of control over transactions has not been maintained throughout the year; or
- we have not received all the information and expenditure we require for our audit.

**39/40 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS**

**CLEMENT KEYS  
Chartered Accountants  
Statutory Auditors**

**Date: 9 June 2011**

**ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	As restated 2009 £
<b>Income</b>			
Subscriptions		3,700,734	3,477,363
Conferencing and commission	2	318,750	188,592
Communications	2	118,763	82,967
National meetings and working group		63,568	51,929
Annual Conference		262,612	203,150
Investment income		37,413	29,381
Rent		16,158	16,158
Fees and hire of equipment		210,979	120,755
		<hr/>	<hr/>
<b>Total incoming resources</b>		4,728,977	4,170,295
		<hr/>	<hr/>
<b>Expenditure</b>			
Headquarters and central services premises	3	106,367	111,019
Headquarters staffing	3	1,205,668	1,419,337
Equipment and materials	3	225,821	221,302
Other central expenses	3	339,899	246,776
Support for members	3	1,736,937	1,394,326
National meetings and working groups	3	326,296	349,613
Annual conference		342,793	282,702
		<hr/>	<hr/>
<b>Total resources expended</b>		4,283,781	4,025,075
		<hr/>	<hr/>
<b>Net incoming resources before other recognised gains</b>		445,196	145,220
<b>Other recognised gains</b>			
Realised and unrealised gains in investments		132,522	191,602
		<hr/>	<hr/>
<b>Net movement on funds</b>		577,718	336,822
<b>Reconciliation of funds</b>			
Funds brought forward at 1 January 2010		2,262,348	1,925,526
		<hr/>	<hr/>
Funds carried forward at 31 December 2010		2,840,066	2,262,348
		<hr/> <hr/>	<hr/> <hr/>

Incoming resources and resources expended relate to continuing operations.

There were no other gains and losses for the year other than those recognised above.

**ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

**BALANCE SHEET AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible assets	4		874,226		861,805
Investments at market value	5		2,026,347		1,421,983
Investment in subsidiary	6		1,000		1,000
			<hr/>		<hr/>
			2,901,573		2,284,788
<b>Current assets</b>					
Cash at bank and in hand		287,525		134,978	
Debtors	7	424,693		646,938	
Stock		4,084		3,584	
		<hr/>		<hr/>	
		716,302		785,500	
		<hr/>		<hr/>	
<b>Creditors: amounts falling due within one year</b>					
Creditors	8		777,809		807,940
			<hr/>		<hr/>
<b>Net current liabilities</b>			(61,507)		(22,440)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			2,840,066		2,262,348
			<hr/> <hr/>		<hr/> <hr/>
<b>Funds employed</b>					
Building Fund			30,000		-
Website Development Fund			30,000		-
Database Upgrade Fund			100,000		-
Legal Fee Fund			35,000		-
Member Support Staff					
Development and Training Fund			57,000		-
General Fund			561,719		840,365
Legal Defence Fund			2,026,347		1,421,983
			<hr/>		<hr/>
<b>Total Funds</b>			2,840,066		2,262,348
			<hr/> <hr/>		<hr/> <hr/>

Approved by the Council on 9 June 2011 and signed on their behalf by:

..... **TREASURER**

..... **GENERAL SECRETARY**

The attached notes form an integral part of these financial statements.

# ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 1 Accounting policies

The principal accounting policies of the Association are set out below:

#### a) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of quoted investments to market price. The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable accounting standards.

#### b) Fixed assets

Depreciation is charged on the freehold buildings in order to write off their cost over their expected useful lives. The rate used is 25% on cost. No depreciation is provided on land.

Depreciation on other tangible fixed assets is charged so as to write off their full cost less estimated residual value over their expected useful lives at the following rates:

Office furniture and equipment	- 25% of net book value per annum
Computer equipment	- 33 1/3% of cost per annum
Motor vehicles	- 33 1/3% of cost per annum

#### c) Investments

Investments are valued at mid-market price at the balance sheet date.

#### d) Stock

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

#### e) Operating leases

Rentals charged on operating leases are written off to the Income and Expenditure Account over the period of the lease.

#### f) Pension costs and liabilities

The amount charged to the Income and Expenditure Account as part of staff costs in respect the Association's pensions arrangements represents the employer's contributions due for the year. Please see note 15 for details of The Pensions Trust's Growth Plan.

#### g) Restatement of 2009 comparatives

The format and layout of the financial statements has been reviewed this year and the analysis and presentation of figures revised to give a more transparent disclosure of income and expenditure.

As a consequence, certain comparative figures from 2009 have been restated on a comparable basis. In the prior year, a number of activities, and figures were disclosed as a net result; where the information allows, these figures have been "grossed-up" to be more consistent with the disclosure adopted for 2010.

## ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

### NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

2	Income	2010 £	As restated 2009 £
	<i>Conferencing and commission</i>		
	Conferences and seminars	203,919	92,305
	Commission received	113,651	94,228
	Writing and speaking fees	<u>1,180</u>	<u>2,059</u>
		318,750	188,592
		<u>                    </u>	<u>                    </u>
	<i>Communications</i>		
	Leader	71,379	76,496
	Website charges	12,808	742
	Publications and postage	<u>34,576</u>	<u>5,729</u>
		118,763	82,967
		<u>                    </u>	<u>                    </u>
<b>3</b>	<b>Expenditure</b>		
	<i>Headquarters and central services</i>		
	Bank interest and charges	11,562	11,002
	Rates, light, heating and cleaning	58,158	55,225
	Amortisation of building	13,796	14,175
	Building maintenance	12,990	19,904
	Insurance	<u>9,861</u>	<u>10,713</u>
		106,367	111,019
		<u>                    </u>	<u>                    </u>
	<i>Headquarters staffing</i>		
	Salaries, NI, pension contributions (inc Specialists, ASCL Wales Sec)	1,180,974	1,395,274
	Insurance	8,239	5,710
	Car expenses	3,209	6,193
	Staff training	<u>13,246</u>	<u>12,160</u>
		1,205,668	1,419,337
		<u>                    </u>	<u>                    </u>
	<i>Equipment and materials</i>		
	Hire, Maintenance and depreciation of equipment	121,514	142,950
	Postage and telephone	70,494	43,671
	General printing, stationery and books	<u>33,813</u>	<u>34,681</u>
		225,821	221,302
		<u>                    </u>	<u>                    </u>

## ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

### NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

	2010 £	As restated 2009 £
<i>Other central expenses</i>		
Audit, accounting and professional fees	52,610	39,752
Association legal fees	10,932	5,376
Database support and training	3,179	17,868
Other professional fees	-	1,347
Professional support computers	22,906	15,264
Affiliation fees and subscriptions	9,717	17,350
Media and Communications	32,143	8,765
Sundry expenses	5,588	1,587
Insurance (members)	13,195	(5,100)
Research and development	22,391	15,690
Recruitment and advertising	50,536	52,139
Exhibition costs	39,133	32,059
Party political conferences	17,040	11,321
Ex-gratia for damage to members' cars	-	775
Hospitality and canteen	3,478	3,737
General Secretary appointment	20,799	28,846
Bad debts written off	4,599	-
Profit on disposal of motor vehicle	(1,470)	-
Write-off of VAT debtor	<u>33,123</u>	<u>          </u>
	<u>339,899</u>	<u>246,776</u>
<i>Support for members</i>		
Conferences and seminars – direct costs	172,003	74,884
Legal support for members	51,028	133,245
Publications and postage	86,109	66,264
Leader	132,737	111,668
Mailings to members	65,395	80,480
Member support salaries	1,117,603	782,628
Member support travel and expenses	87,208	113,687
Branch secretary training and support	9,160	4,965
Branch expenses	<u>15,694</u>	<u>26,505</u>
	<u>1,736,937</u>	<u>1,394,326</u>
<i>National meetings and working groups</i>		
Presidential support	70,803	74,672
Council meetings (accommodation and travel)	132,960	128,960
Annual conference exhibition costs	14,086	-
Executive and sub-committees, standing committees		
Panels and working groups	25,751	16,252
ICP subscription	4,624	4,020
ESHA subscription	9,272	9,601
Travel expenses	45,488	91,956
Specialists HQ Travel expenses	22,122	16,200
National and district elections	<u>1,190</u>	<u>7,952</u>
	<u>326,296</u>	<u>349,613</u>

**ASSOCIATION OF SCHOOL AND COLLEGE LEADERS**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2010**

**4 Fixed Assets**

	<b>Freehold land and buildings £</b>	<b>Computer equipment £</b>	<b>Motor vehicle £</b>	<b>Office furniture and equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2010	1,054,919	399,585	16,815	92,850	1,564,169
Additions	17,064	38,816	-	9,463	65,343
Disposals	-	-	(16,815)	-	(16,815)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,071,983	438,401	-	102,313	1,612,697
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 January 2010	242,196	368,895	7,006	84,267	702,364
Charge for the year	12,743	26,762	-	3,608	43,113
Adjustment for disposals	-	-	(7,006)	-	(7,006)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	254,939	395,657	-	87,875	738,471
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2010	817,044	42,744	-	14,438	874,226
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	812,723	30,690	9,809	8,583	861,805
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**5 Investments**

	<b>2010 £</b>	<b>2009 £</b>
Market value at 1 January 2010	1,421,983	1,030,381
Additions	570,412	788,873
Disposal proceeds	(104,074)	(588,873)
Movement in cash	5,504	-
Net investment gains	132,522	191,602
	<hr/>	<hr/>

<b>Market value at 31 December 2010</b>	<b>2,026,347</b>	<b>1,421,983</b>
	<hr/>	<hr/>

	<b>Market Value</b>		<b>Cost</b>	
	<b>2010 £</b>	<b>2009 £</b>	<b>2010 £</b>	<b>2009 £</b>
Other listed investments	2,013,738	1,414,879	1,672,715	1,022,202
Cash on deposit	12,609	7,104	12,609	8,179
	<hr/>	<hr/>	<hr/>	<hr/>
	2,026,347	1,421,983	1,685,324	1,030,381
	<hr/>	<hr/>	<hr/>	<hr/>

Investments are valued at mid-market value at the year end.

# ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 6 Investment in subsidiary

The Association's investment at the balance sheet date in the share capital of unlisted companies is as follows:

**Subsidiary Undertaking:** Management and Professional Services (ASCL) Limited  
**Nature of business:** Provider of professional development for ASCL members and other members of school and college leadership teams.

**Class of shares held:** 1,000 Ordinary shares  
**% held:** 100%

Net assets as at 31 December 2010: £28,821 (2009: £(65,873))

Profit after tax for the year ended 31 December 2010: £94,694 (2009: £113,513)

		2010	2009
		£	£
<b>7 Debtors</b>			
Sales ledger balances	173,992	268,076	
Other sundry debtors and prepayments	73,545	151,491	
Subscriptions in arrears	42,697	48,855	
Accrued income	14,388	28,986	
Amount due from Headteachers; Association of Scotland	-	729	
Amount due from subsidiary undertaking	110,062	141,077	
Amount due from Benevolent Fund	10,009	848	
VAT	-	6,876	
	424,693	646,938	
<b>8 Creditors</b>			
Natwest Bank overdraft	-	53,702	
PAYE and NIC	83,650	77,724	
SWPF and other pensions	58,518	29,881	
Other sundry creditors and accruals	448,685	387,499	
Amounts due to The ASCL Educational Development Trust	34,996	61,849	
NCSL/VSO/ASCL Project	20,000	74,859	
Subscriptions in advance	47,993	54,292	
HP Creditor	-	6,679	
Subscriptions for lifetime members	44,402	39,289	
Commission in advance	32,333	22,166	
VAT	7,232	-	
	777,809	807,940	

# ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 9 Analysis of funds

	At 1.1.2010	Income	Expenditure	Transfers	Investment Gains	At 31.12.2010
	£	£	£	£	£	£
Building Fund	-	-	-	30,000	-	30,000
Website Development Fund	-	-	-	30,000	-	30,000
Database Upgrade Fund	-	-	-	100,000	-	100,000
Legal Fee Fund	-	-	-	35,000	-	35,000
Member Support Staff Development and Training Fund	-	-	-	57,000	-	57,000
General fund	840,365	4,728,977	(4,283,781)	(723,842)	-	561,719
Legal Defence Fund	1,421,983	-	-	471,842	132,522	2,026,347
	<u>2,262,348</u>	<u>4,728,977</u>	<u>(4,283,781)</u>	<u>-</u>	<u>132,522</u>	<u>2,840,066</u>

#### **Building Fund**

The purpose of this fund is for the external decoration and maintenance of the property occupied by the Association in Leicester.

#### **Website Development Fund**

The purpose of this fund is to fund the creation and upkeep of a new website.

#### **Database Upgrade Fund**

The purpose of this fund is to cover the costs of migration to a new membership database.

#### **Legal Fee Fund**

The purpose of this fund is for costs of exceptional legal cases with the GTC anticipated in 2011.

#### **Member Support Staff Development and Training Fund**

The purpose of this fund is for development and training within the Member Support department

#### **Legal Defence Fund**

The purpose of this fund is to cover any extraordinary legal defence costs that may arise in future years.

### 10 Taxation

The Association is exempt from corporate tax on income which is not trading income.

### 11 Contingent liabilities

At 31 December 2010 there were no contingent liabilities.

### 12 Branch funds

These accounts exclude any funds relating to Branches of the Association. The funds of these branches at 31 December 2010 are £21,208 (2009:£nil).

# ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

## NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

### 13 **Subsidiary undertaking**

The Association has 100% shareholding in Management and Professional Services (ASCL) Limited ("MAPS"), which is a private company registered in England.

### 14 **Related party transactions**

During the year, The Association paid for expenses on behalf of MAPS totalling £600,449 (2009: £491,718). The balance due to The Association from MAPS as at the year ended 31 December 2010 was:

Trade creditor	£76,706	(2009 - £85,295)
Loan	£33,356	(2009 - £141,077)

A number of the Association's officers are also Trustees of The ASCL Educational Development Trust, to whom £34,995 (2009 - £61,849) was payable at the year end.

### 15 **Pensions Trust Growth Plan**

1. The Association of School and College Leaders participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.
2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.
3. The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.
4. The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
5. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.
6. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
7. The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.
8. The Association of School and College Leaders paid contributions at the rate of 14.1% during the accounting period. Members paid contributions at the rate of 6.2% during the accounting period.

## ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

### NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

9. As at the balance sheet date there were 37 active members of the Plan employed by The Association of School and College Leaders. The Association of School and College Leaders continues to offer membership of the Plan to its employees.
10. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The valuation results at 30 September 2008 have now been completed and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.
12. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:
- |                                     | %         |
|-------------------------------------|-----------|
|                                     | per annum |
| - Investment return pre-retirement  | 7.6       |
| - Investment return post-retirement |           |
| Actives/deferreds                   | 5.1       |
| Pensioners                          | 5.6       |
| - Bonuses on accrued benefits       | 0.0       |
| - Rate of price inflation           | 3.2       |
13. In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.
14. The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.
15. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

## ASSOCIATION OF SCHOOL AND COLLEGE LEADERS

### NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2010

16. In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).
17. A copy of the recovery plan must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009.
18. The next full actuarial valuation will be carried out as at 30 September 2011.
19. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.
20. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.
21. The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.