

REGISTRAR OF COMPANIES

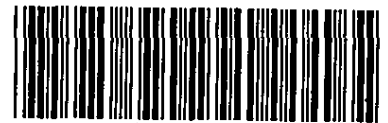
Harris Federation

Consolidated report and financial statements

Year to 31 August 2013

Company limited by guarantee
registration number
06228587 (England and Wales)

WEDNESDAY



A37V8WR6

A38

14/05/2014

#11

COMPANIES HOUSE

Contents

Reports

Reference and administrative information	1
Directors' report	2
Governance statement	9
Statement of Regularity, propriety and compliance	12
Statement of directors' responsibilities	13
Independent auditor's reports	14

Financial statements

Consolidated statement of financial activities	18
Balance sheets	19
Consolidated cash flow statement	20
Principal accounting policies	21
Notes to the financial statements	26

Reference and administrative information

Directors	Lord Harris of Peckham Lady Harris of Peckham Mr R Alcock Mr A P Bayon Mr K J Hoods Mr P Jacobs Ms B Johnston Mr D Lomas Mrs L J Manson-Smith Mr T D Moore Mr K Morley Sir Dan Moynihan Mr P J Saunders Mrs A M Smith Sir Cyril Taylor Ms R Wilton
Secretary	Mr M Antoniou
Registered office	4 th Floor Norfolk House Wellesley Road Croydon CR0 1LH
Company registration number	06228587 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 30 Tooting High Street London SW17 0XN
Solicitors	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP

Directors' report Year to 31 August 2013

The directors of Harris Federation, who are also trustees for the purposes of the Charities Act 2011, present their report and the audited financial statements of the Harris Federation (the Federation) and its three subsidiary companies, Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited, together 'the group' for the year to 31 August 2013

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 25 and comply with the company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005')

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Federation is a company limited by guarantee, incorporated under Company Number 06228587. The Federation's Memorandum and Articles of Association are the primary governing documents of the Federation.

As at 31 August 2013 the Federation was made up of nineteen Academies. During September 2013 seven additional academies joined the Federation.

The Federation was incorporated on 26 April 2007. These financial statements for the Federation, which cover the year to 31 August 2013, aggregate the activities of the nineteen member academies.

The principal activity of the Federation is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad curriculum with a strong emphasis on, but in no way limited to one or a combination of specialisms.

Members

The members of the company are the Principal Sponsor, two persons nominated by the Principal Sponsor and an individual nominated by the Secretary of State for Education.

Every member of the company undertakes to contribute such amount as may be required (not exceeding £10) to the company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the company's debts and liabilities arising before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of rights of the contributories among themselves.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The articles of association require the appointment of at least three directors (unless otherwise determined by ordinary resolution) The directors of the company are also trustees of the charity The directors delegate a number of functions to the local governing body ("LGB") of each Academy

The Principal Sponsor may by notice in writing to the Federation delivered to the registered office appoint up to 12 directors

In the majority of cases, the Chairman of each LGB, for as long as he remains in office as such, shall be an Academy director ex officio provided that the total number of Academy directors shall not exceed twenty

The term of office for any director (other than the Principal Sponsor) shall be three years Any director may be re-appointed

The training and induction provided for new directors depends on their existing experience Where necessary induction provides training on charity and educational legal and financial matters All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors

The following directors were in office at 31 August 2013 and served throughout the period except as stated

Director	Appointed/Resigned
Lord Harns of Peckham	
Lady Harns of Peckham	
Ms M P Atkinson	Resigned 31 August 2013
Mr A P Bayon	
Mr K J Hoods	
Mr P Jacobs	
Ms B Johnston	
Mrs L J Manson-Smith	
Mr T D Moore	
Mr K Morley	
Sir Dan Moynihan	
Mr P J Saunders	
Mrs A M Smith	Appointed 2 November 2012
Sir Cynl Taylor	
Ms R Wilton	

In addition, Mr R Alcock and Mr D Lomas were appointed to the board on 1 September 2013

During the period under review the directors held two meetings

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Subsidiary companies

Harris Academies Project Management Limited was incorporated in 2007 and began trading on 21 May 2007. It is a wholly owned subsidiary of the Federation.

HCTC Enterprises Limited was incorporated in 1994 and is a wholly owned subsidiary of the Federation.

Harris Professional Services Limited, which was dormant during the year under review, was incorporated in 2012 and is a wholly owned subsidiary of the Federation.

Management

The directors of the Federation are appointed by the members of the company. The Chairman of each local governing body is appointed as a director of the Federation ex officio. The board of directors of the Federation is responsible for setting general policy, adopting an annual plan and budget, and monitoring the Federation by use of budgets and making major decisions about the direction of the Federation, capital expenditure and senior staff appointments.

Each Academy has its own local governing body with the Chairman of that Academy being a director of the Federation in the majority of cases. Each local governing body has responsibility for setting policy, annual plans and budgets at the Academy and recommending these to the Federation Board of directors.

The directors delegate the day to day responsibility of running the Federation to Sir Dan Moynihan (CEO). The day to day running of individual Academies is delegated by each local governing body to the senior management team, which includes the Principal.

Risk management

The directors are responsible for identifying risks faced by the Federation, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission.

The directors acknowledge they have overall responsibility for ensuring that the Federation has an effective and appropriate system of controls, financial and otherwise. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Federation and enable them to ensure the financial statements comply with the Companies Act. The directors also acknowledge responsibility for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that

- ◆ the Federation is operating efficiently and effectively,
- ◆ its assets are safeguarded against unauthorised use or disposition,

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- ♦ proper records are maintained and financial information used within the Federation or for its publication is reliable, and
- ♦ the Federation complies with relevant laws and regulations

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The aim of the Federation is to operate as a group of collaborating Academies for the benefit of young people. Academies are geographically close which gives the Federation the opportunity to build a joint purpose, encourage healthy competition and share the best ideas.

The Sponsor's vision is that, rather than working in isolation, the Harris Academies will work together as a federation. This will enable the schools to use their combined resources and collective expertise in order to assist each other and so raise standards faster than would be the case with schools working in isolation.

Public Benefit

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

Equal opportunities policy

The directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Federation has established 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, ramps and disabled toilets have been installed and door widths have been enlarged to enable wheelchair access to all the main areas of the academies. The policy of the Federation is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the academies, as well as generally through training and career development.

ACHIEVEMENTS, PERFORMANCE AND PLANS FOR FUTURE PERIODS

During 2013, the Harris Federation grew from 13 Academies to 19 Academies and as a group improved by a further 4% in its overall 5A*-C GCSE score including English and Maths at a time when there was considerable turbulence nationally in examination performance. The group has improved by 35% in 5A*-C with English and Maths since its inception. 91% of Harris students achieved 5 or more good GCSE passes last Summer. 72% achieved 5 good passes including English and Maths, 18 percentage points higher than the national average in 2012. The average student achievement across our Sixth Form was grade A, A and B at Advanced Level, enabling many students to progress to excellent careers and top Universities. Nine out of twelve Harris Academies inspected and open for longer than a year have been graded as outstanding, a figure of 75% outstanding compared to just 20% nationally.

The Federation bid for and was approved to open 7 new free schools in conjunction with local parents in different parts of London in order to meet growing population demand (two secondary and five primary in September 2014). These include the Harris Westminster Sixth Form, a unique collaboration between Westminster School and Harris Federation aimed at bright but disadvantaged London children.

The Harris Federation Teaching School, designed to provide an outstanding training hub for teachers in London, tutored its first cohort of trainee headteachers and also trained and assessed a number of Specialist Leaders of Education designed to assist other schools in their improvement efforts. During the year the Federation prepared for the opening of another 8 academies in September 2013.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Federation 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 Principal Accounting Policies.

FINANCIAL REVIEW

Financial report for the year

Most of the company's income comes from the Education Funding Agency (EFA), in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the consolidated statement of financial activities.

The company also receives grants for fixed assets from the Department for Education (DfE). In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), these grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2013, total expenditure (excluding depreciation) of £106,626,000 (2012 - £81,544,000) was more than covered by grant funding from the EFA and other income. The excess of income over expenditure for the period (excluding restricted fixed asset funds and before transfers and the pension scheme actuarial movement) was £2,902,000 (2012 - £1,659,000).

At 31 August 2013 the net book value of fixed assets was £246,081,000 (2012 - £201,628,000). These assets were used exclusively for providing education to the Federation's pupils and related support services.

Principal risks and uncertainties

The directors have assessed the major risks and uncertainties to which the Harris Federation is exposed, in particular those relating to development of new buildings, academy openings, post-opening management of transition schools, recruitment, provision of facilities, academy finances and other academy functions. Key risks and uncertainties identified include changes and reductions in funding for capital projects, uncertainties in funding due to plans for new funding formulae, and uncertainty and reductions in the funding support for schools joining the network.

Financial and risk management objectives and policies

Harris Federation has cash balances and other working capital balances. The main risk arising from the use of financial instruments is liquidity risk.

Liquidity risk

The company manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested through appropriate use of financial instruments with our principal bankers so as to maximise interest income without incurring undue risk.

Directors' report Year to 31 August 2013

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies (continued)

Interest rate risk

In the absence of borrowings and with low prevailing interest rates, the company is not exposed to significant interest rate risk

Other risks

The group is exposed to price risks, but is funded by government on the same basis as other academies and budgets accordingly. Nearly all funding comes from government so credit risk is considered to be negligible.

Financial position and reserves policy

The Federation held fund balances at 31 August 2013 of £247,304,000 (2012 - £204,402,000) comprising £243,192,000 (2012 - £200,831,000) of restricted funds including a pension reserve deficit of £13,642,000 (2012 - £10,733,000) and £4,112,000 (2012 - £3,571,000) of unrestricted general funds.

The unrestricted general funds form part of the Federation's revenue reserves. Total revenue reserves, which exclude the fixed asset fund of £246,081,000 (2012 - £201,628,000) and the pension reserve deficit of £13,642,000 (2012 - £10,733,000), were £14,865,000 as at 31 August 2013 (£13,507,000 as at 31 August 2012). This is equal to approximately two months' revenue expenditure and the directors consider that this is sufficient for the working capital and operational needs of the Federation based on historic levels of activity.

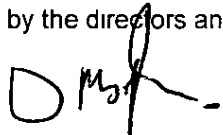
Given the current expansion of the Federation, these requirements are not fixed. The directors plan to retain between 3% and 5% of recurrent income each year. The directors will keep the level of reserves under review.

AUDITORS

In so far as the directors are aware:

- ♦ There is no relevant audit information of which the charitable company's auditor is unaware, and
- ♦ The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the directors and signed on their behalf by

Director 
SIR DAN MORAHAN

Approved by the directors on 24 DECEMBER 2013

Governance statement Year to 31 August 2013

Scope of responsibility

As directors, we acknowledge we have overall responsibility for ensuring that the Harris Federation 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 directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 the Federation and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the directors' report and in the statement of directors' responsibilities.

As described in the directors' report, the directors delegate a number of functions to the local governing body (LGB) of each academy. These LGBs meet as appropriate throughout the year in order to govern the affairs of the individual academies. As described in the directors' report, the chair of the majority of the LGBs is also a director of the Federation. Each LGB also has a finance sub-committee which is responsible for monitoring the finances of the academy.

The board of directors has also formally met two times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Number of meetings attended	Out of a possible
Lord Harris of Peckham	2	2
Lady Harris of Peckham	2	2
Ms M P Atkinson	1	2
Mr A P Bayon	2	2
Mr K J Hoods	2	2
Mr P Jacobs	2	2
Ms B Johnston	2	2
Mrs L J Manson-Smith	2	2
Mr T D Moore	2	2
Mr K Morley	2	2
Sir Dan Moynihan	2	2
Mr P J Saunders	2	2
Mrs A M Smith	2	2
Sir Cynl Taylor	2	2
Ms R Wilton	1	2

Governance statement Year to 31 August 2013

Governance (continued)

The directors have reviewed the guidance provided within the Academies Financial Handbook (September 2012) regarding independent checking of financial controls and the role of a committee that monitors this. The Federation has reviewed its structures for monitoring financial controls in the context of this guidance and has established a sub-committee of governors to fulfil this purpose. These arrangements will be formalised in due course.

The Finance and Audit Board Sub-committee is also a sub-committee of the main board of trustees. Its purpose is to assist the Board with financial oversight and risk management.

Governor	Meetings attended	Out of a possible
Mr Tony Bayon	2	2
Mr Paul Jacobs	2	2
Mr Keith Morley	2	2
Sir Dan Moynihan	2	2
Mr Phil Saunders	2	2

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 the Federation'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 at the Federation 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 directors has reviewed the key risks to which the Federation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is an ongoing process for identifying, evaluating and managing the Federation's significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The risk and control framework

The Federation's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,

Governance statement Year to 31 August 2013

The risk and control framework (continued)

- ◆ regular reviews by the Finance and Audit Board Sub-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, and
- ◆ identification and management of risks

The board have appointed Sir Dan Moynihan, a director as Responsible Officer ('RO') for the Federation. The RO's role includes giving advice on financial matters and performing a range of checks on the Federation's financial systems. As permitted by the Financial Handbook of Academies, this task has been outsourced to the external auditors. On a periodic basis, the external auditors will report to the RO on the operation of the systems of control and on the discharge of the RO's financial responsibilities.

The RO function for the year has been fully delivered in line with the requirements of the Financial Handbook.

The directors have considered the need for a specific internal audit function and have decided to appoint an internal auditor during the year. The internal auditor reports to the Finance and Audit Board Sub-committee. The Responsible Officer reports will also be received by the Finance Committee from 2013/14.

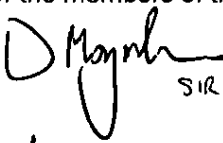
Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by

- ◆ the responsible officer work,
- ◆ the work of the external auditor,
- ◆ the financial management and governance self assessment process, and
- ◆ the work of the Senior Leadership Team within the Federation who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Board Sub-committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of directors on 24/12/13 and signed on its behalf by


SIR DAN MOYNIHAN

Director

and

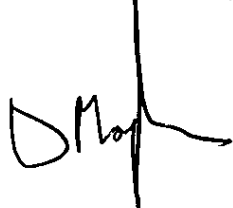
Accounting Officer

Statement on regularity, propriety and compliance 31 August 2013

As Accounting Officer of Harris Federation, I have considered my responsibility to notify the Federation board of directors and the EFA of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Federation and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

A handwritten signature in black ink, appearing to read 'DMoynihan', with a long vertical line extending downwards from the end of the signature.

SIR DAN MOYNIHAN

Accounting Officer

24/12/13

Statement of directors' responsibilities 31 August 2013

The directors (who act as trustees for charitable activities of the Federation) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under company law, the directors 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 Federation and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to


- ◆ select suitable accounting policies and then apply them consistently,
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP),
- ◆ make judgments and estimates that are reasonable and prudent,
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Federation will continue in operation

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Federation's transactions and disclose with reasonable accuracy at any time the financial position of the Federation 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 Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that in its conduct and operation the Federation 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 have been applied for the purposes intended.

The directors are responsible for the maintenance and integrity of the charity and financial information included on the Federation'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 directors and signed on its behalf by

Director  SIR DAN MOYLAN
Date 24 AUGUST 2013

Independent auditor's report on the financial statements to the members of Harris Federation

We have audited the financial statements of Harris Federation for the year ended 31 August 2013 which comprise the consolidated statement of financial activities, the group and charitable company balance sheets, the consolidated cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

The directors act as trustees for the charitable activities of Harris Federation and are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of directors' responsibilities set out in the directors' report, the directors 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' 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.

Independent auditor's reports 31 August 2013

Opinion

In our opinion

- ◆ the financial statements give a true and fair view of the state of the group and parent charitable company'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,
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006, and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency

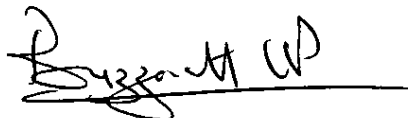
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

24 September 2013

Independent reporting auditor's assurance report on regularity to Harris Federation and the Education Funding Agency

In accordance with the terms of our engagement letter dated 1 November 2013 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 Harris Federation during the period from 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 Harris Federation and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Harris Federation and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Harris Federation and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Harris Federation's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Harris Federation's master funding agreement with the Secretary of State for Education dated 31 August 2007 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Independent auditor's reports 31 August 2013

Approach (continued)

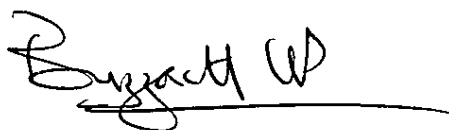
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Federation's income and expenditure

The work undertaken to draw to our conclusion includes

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Federation's activities,
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary, and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

24 December 2013

Consolidated statement of financial activities Year to 31 August 2013

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Un- restricted general fund £'000	Restricted funds			2013 Total Funds £'000	2012 Total Funds £'000
	Notes		General £'000	Other £'000	Fixed assets £'000		
Incoming resources							
Income from generated funds							
Voluntary income	2	35	—	—	—	35	14,457
Activities for generating funds	3	1,121	—	158	—	1,279	831
Interest receivable		212	—	—	—	212	148
Transfer from Local Authority on conversion	31	345	(1,847)	—	4,620	3,118	46,983
Incoming resources from charitable activities							
Funding for Harris Federation's educational operations	4	—	104,786	2,847	45,649	153,282	89,070
Other incoming resources	5	—	—	1,870	—	1,870	1,436
Total incoming resources		1,713	102,939	4,875	50,269	159,796	152,925
Resources expended							
Charitable activities							
Harris Federation's educational operations	7	1,172	100,385	4,711	10,211	116,479	89,228
Governance costs	8	—	357	—	—	357	222
Total resources expended	6	1,172	100,742	4,711	10,211	116,836	89,450
Net incoming resources before transfers							
		541	2,197	164	40,058	42,960	63,475
Gross transfers between funds	20	—	(4,395)	—	4,395	—	—
Net incoming/(outgoing) resources before other recognised gains and losses							
		541	(2,198)	164	44,453	42,960	63,475
Other recognised gains and losses							
Actuarial loss on defined benefit pension scheme	23	—	(58)	—	—	(58)	(3,413)
Net movement in funds		541	(2,256)	164	44,453	42,902	60,062
Fund balances brought forward at 1 September 2012		3,571	(1,773)	976	201,628	204,402	144,340
Fund balance carried forward at 31 August 2013		4,112	(4,029)	1,140	246,081	247,304	204,402

All of the group's activities derived from continuing operations during the above financial periods. There is no difference between the net movement in funds stated above, and its historical cost equivalent.

The results of Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited have been consolidated within the financial statements of Harris Federation.

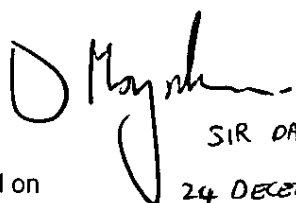
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance sheets 31 August 2013

	Notes	2013		2012	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Tangible assets	13	246,081	246,079	201,628	201,626
Current assets					
Debtors	17	5,060	5,305	3,644	3,797
Cash at bank and in hand	18	25,582	23,977	21,777	21,002
		30,642	29,282	25,421	24,799
Creditors amounts falling due within one year	19	(15,777)	(14,572)	(11,914)	(11,401)
Net current assets		14,865	14,710	13,507	13,398
Net assets excluding pension liability		260,946	260,789	215,135	215,024
Pension scheme liability	23	(13,642)	(13,642)	(10,733)	(10,733)
Net assets including pension liability		247,304	247,147	204,402	204,291
Represented by					
Funds and reserves					
Income funds					
Restricted funds	20				
EFA revenue funding		9,613	9,613	8,960	8,960
Pension reserve		(13,642)	(13,642)	(10,733)	(10,733)
		(4,029)	(4,029)	(1,773)	(1,773)
Fixed assets		246,081	246,079	201,628	201,626
Other restricted funds		1,140	1,140	976	976
		243,192	243,190	200,831	200,829
Unrestricted funds					
General fund		4,112	3,957	3,571	3,462
		247,304	247,147	204,402	204,291

Approved by the directors and signed on their behalf by

Director


SIR DAN MOYNIHAN

Approved on

24 DECEMBER 2012

Consolidated cash flow statement Year to 31 August 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	27	3,624	6,767
Cash transferred on Academies joining the Federation	27	345	371
Returns on investment and servicing of finance	28	212	148
Capital expenditure	29	(376)	(5,306)
Increase in cash in the year	30	3,805	1,980
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		21,777	19,797
Net funds at 31 August 2013		25,582	21,777

Analysis of changes in net funds

Group

	At 1 September 2012 £'000	Cash flows £'000	At 31 August 2013 £'000
Cash at bank and in hand	15,377	10,205	25,582
Cash on deposit	6,400	(6,400)	—
	21,777	3,805	25,582

Principal accounting policies 31 August 2013

Format of financial statements

The statutory format for the financial statements as required by the Companies Act 2006 Part 15 Chapter 4 has been adapted to provide more appropriate information that complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the company

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. Applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Academies Accounts Direction issued by the EFA have been followed in these financial statements

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and those of its subsidiaries made up at the balance sheet date

No separate statement of financial activities has been presented for Harris Federation alone, as permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005

Going concern

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

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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.

Principal accounting policies 31 August 2013

Incoming resources (continued)

Gifts in kind

Gifts in kind provided to the group are recognised in the statement of financial activities at their value to the group, as determined by the directors, in the period in which they are receivable, and where the benefit is both quantifiable and material

Sponsorship

Sponsorship provided to the group is recognised in the statement of financial activities in the period in which it is receivable

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date

Interest receivable

Interest receivable is included within the statement of financial activities on an accruals basis

Resources expended and the basis of apportioning costs

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the group's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned

Governance costs

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

Tangible fixed assets

All IT equipment costing more than £500 and all other assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates

- ♦ Furniture and equipment 25% p a

Principal accounting policies 31 August 2013

Tangible fixed assets (continued)

- ♦ Computer equipment 33% p a
- ♦ Long leasehold buildings 2% p a
- ♦ Motor vehicles 25% p a

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the Federation or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

The cost of buildings constructed under the UK Government's Building Schools for the Future programme as funded by Local Authorities, are recognised in the statement of financial activities as voluntary income in the period in which the Federation takes ownership of these buildings.

The cost of buildings that were not previously capitalised as part of capital projects at the Academies are introduced at an amount valued by the EFA.

Investments

The company's share holding in its wholly owned subsidiaries, Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services, are included in the company's balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Fund accounting

The unrestricted general fund represents monies which may be applied for any purpose within the company's objects at the discretion of the directors.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

The Federation 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 Federation is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

Some group staff are members of one of two types of multi-employer defined benefit pension schemes. More details of the schemes are given in note 23.

Defined Benefit Schemes

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Education Funding Agency. As the group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the group has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the group in the year.

Local Government Pension Scheme

Non-teaching members of staff are offered membership of the Local Government Pension Schemes (LGPS), which are managed by the London Boroughs of Southwark, Croydon, Bexley and Merton Pension Fund and Essex County Council Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the company's share of assets and liabilities and requirements of the FRS 17, Retirement Benefits, have been followed.

The group's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Schools joining the Federation

Schools joining the Federation transfer identifiable assets and liabilities and the operation of the predecessor School for £nil consideration, which has been accounted for under the acquisition accounting method.

Principal accounting policies 31 August 2013

Schools joining the Federation (continued)

The assets and liabilities transferred on conversion from the predecessor school to the Federation have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Federation. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 31 of the financial statements.

Notes to the financial statements 31 August 2013

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State academies within the Federation were subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the Federation exceeded the limits during the year ended 31 August 2013.

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Donations	35	—	35	29
Building inclusion at EFA valuation (note 13)	—	—	—	14,428
	35	—	35	14,457

3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Lettings and other income	1,121	—	1,121	655
School uniform and book sales income	—	158	158	176
	1,121	158	1,279	831

Notes to the financial statements 31 August 2013

4 Funding for Harris Federation's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
DfE capital grant				
Capital funding	—	45,649	45,649	5,575
EFA revenue grants				
General Annual Grant (GAG)	—	94,649	94,649	77,827
Start Up	—	1,778	1,778	1,236
Other EFA grants	—	8,359	8,359	2,578
	—	104,786	104,786	81,641
Other grants				
LEA and other grants	—	2,847	2,847	1,854
	—	153,282	153,282	89,070

5 Other incoming resources

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Academy trips	—	454	454	457
Sundry income	—	1,363	1,363	764
National College for Learning grant	—	38	38	150
Rebates	—	15	15	65
	—	1,870	1,870	1,436

6 Resources expended

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2013 £'000	Total 2012 £'000
Academy's educational operations (note 7)					
Direct costs	57,218	5,500	5,701	68,419	54,224
Allocated support costs	23,080	11,687	8,565	43,332	33,412
Implementation costs	—	—	4,728	4,728	1,592
	80,298	17,187	18,994	116,479	89,228
Governance costs including allocated support costs (note 8)	—	—	357	357	222
	80,298	17,187	19,351	116,836	89,450

Notes to the financial statements 31 August 2013

7 Harris Federation's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Direct costs				
Teaching and educational support staff costs	—	57,218	57,218	45,853
Depreciation	—	5,500	5,500	4,071
Education supplies	—	3,357	3,357	2,204
Examination fees	—	1,528	1,528	1,479
Staff development	—	387	387	246
Other direct costs	—	429	429	371
	—	66,419	66,419	54,224
Educational support costs				
Support staff costs	—	23,080	23,080	18,163
Depreciation	—	4,711	4,711	3,835
Pupil recruitment and support	—	1,161	1,161	977
Maintenance of premises and equipment	—	2,544	2,544	1,857
Occupancy costs	—	4,432	4,432	3,457
Catering	—	2,278	2,278	1,679
Technology costs	—	570	570	512
School trips	—	547	547	521
Postage, printing & stationery	—	912	912	648
Uniform expenses	—	299	299	196
Other support and admin expenses	1,172	1,626	2,798	1,567
	1,172	42,160	43,332	33,412
Implementation costs	—	4,728	4,728	1,592
	1,172	115,307	116,479	89,228

8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total fund £'000
Legal and professional fees	—	240	240	122
Auditor's remuneration				
Audit of group financial statements	—	81	81	75
Non statutory audit and other services	—	33	33	23
Taxation services	—	3	3	2
	—	357	357	222

Notes to the financial statements 31 August 2013

9 Staff costs

Staff costs during the year were as follows

	Unrestricted funds £'000	Restricted funds £'000	2013 Total funds £'000	2012 Total funds £'000
Wages and salaries	—	62,097	62,097	50,381
Social security costs	—	5,135	5,135	4,252
Pension contributions	—	7,341	7,341	5,983
	—	74,573	74,573	60,616
Supply staff costs	—	3,476	3,476	2,329
Recruitment, and other costs	—	1,885	1,885	592
Compensation payments	—	364	364	479
Total staff costs	—	80,298	80,298	64,016

The average number of persons employed by the company during the year ended 31 August 2013 was as follows

	2013 Number	2012 Number
Activities		
Teachers	1,006	772
Administration and support	1,005	838
Management	130	112
School sports partnership	5	6
	2,146	1,728

The average number expressed as full time equivalents was 1,833 (2012 – 1,482)

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows

	2013 Number	2012 Number
£60,001 - £70,000	46	34
£70,001 - £80,000	12	13
£80,001 - £90,000	6	8
£90,001 - £100,000	3	4
£100,001 - £110,000	2	1
£110,001 - £120,000	—	3
£120,001 - £130,000	1	—
£130,001 - £140,000	3	4
£140,001 - £150,000	2	2
£150,001 - £160,000	2	2
£160,001 - £170,000	2	—
£170,001 - £180,000	2	1
£190,001 - £200,000	—	1
£200,001 - £210,000	1	—
£290,001 - £300,000	—	1
£330,001 - £340,000	1	—
	83	74

All of the above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £830,667 (2012 - £871,935)

10 Directors' emoluments and expenses

Directors only receive remuneration in respect of services they provide undertaking the roles of members of staff and not in respect of their services as directors

One of the directors is an employee of the company. That employee's remuneration for the year ended 31 August 2013 was £331,195 (2012 - £298,362). No other directors of the company received any payment or other emoluments from the Federation in the period.

No directors received any payment for reimbursement of travel and subsistence expenses incurred in the course of their duties as directors in the period (2012 – none). No director has any beneficial interest in any contract with the company.

Other related party transactions involving the directors are set out in note 24.

11 Governors' and Officers' Insurance

In accordance with normal commercial practice the Federation has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2013 was £30,417 (2012 - £15,407).

12 Central services

The Federation has provided the following central services to its academies during the year:

- ♦ Human resources,
- ♦ Financial services,
- ♦ Legal services,
- ♦ Educational support services ,
- ♦ IT services
- ♦ Careers support, and
- ♦ Post 16

The Federation charges for these services on the following basis:

3.3% (2012 - 3.6%) of School Budget Share and LACSEG income

Notes to the financial statements 31 August 2013

12 Central services (continued)

The actual amounts charged during the year were as follows

	2013 £'000	2012 £'000
Harris Academy Beckenham	162	123
Harris Academy Bermondsey	250	244
Harris Academy Bromley	194	189
Harris Academy Chafford Hundred	195	155
Harris Primary Academy Chafford Hundred	263	—
Harris Primary Academy Coleraine Park	72	—
Harris City Academy Crystal Palace	269	262
Harris Boys' Academy East Dulwich	157	121
Harris Girls' Academy East Dulwich	192	187
Harris Academy Falconwood	183	157
Harris Academy Greenwich	202	—
Harris Academy Merton	221	202
Harris Academy Morden	72	—
Harris Academy Peckham	244	257
Harris Primary Free School	16	—
Harris Primary Academy Peckham Park	76	65
Harris Primary Academy Philip Lane	71	—
Harris Academy Purley	198	176
Harris Academy South Norwood	257	258
	3,294	2,396

13 Tangible fixed assets (group and company)

	Long leasehold land and buildings £'000	Assets under construct- ion £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 2012	216,872	430	8,816	13,905	274	240,297
Transfer upon conversion (note 31)	4,620	—	—	—	—	4,620
Additions	40,534	1,274	3,473	4,720	65	50,066
Transfers	1,341	(1,341)	—	—	—	—
Disposals	—	—	—	(23)	(12)	(35)
At 31 August 2013	263,367	363	12,289	18,602	327	294,948
Depreciation						
At 1 September 2012	20,743	—	6,341	11,386	199	38,669
Charge for period	5,271	—	1,767	3,124	49	10,211
On disposals	—	—	—	(1)	(12)	(13)
At 31 August 2013	26,014	—	8,108	14,509	236	48,867
Net book values						
At 31 August 2013	237,353	363	4,181	4,093	91	246,081
At 31 August 2012	196,129	430	2,475	2,519	75	201,628

13 Tangible fixed assets (group and company) (continued)

The land on which the individual academies are sited are leased from the local London Boroughs at a peppercorn rent over various lease terms. No value has been placed on this land in the financial statements due to the restrictive covenants on the asset.

Buildings Schools for the Future

Capital work was completed at Harris Academy Purley and Harris Academy Falconwood by the start of 2012/13. The DfE awarded the Local Authority budgets of £20.7 million and £26.9 million to design and build the respective academy buildings. Of this total, £1.7 million relates to ICT in each academy. Following completion of the projects, the buildings were transferred to the Federation on a long lease. The cost of the buildings is capitalised in these financial statements following the Federation taking ownership of the buildings.

Buildings transferred upon conversion

Five schools joined the Federation during 2012/13 (2011/12 – five) and the value of the buildings transferred on conversion is included within tangible fixed assets. Further details of this transfer are included in note 31.

Existing Academies EFA valuation

Buildings at Harris Academy Bermondsey and Harris Academy Merton that were not previously capitalised as part of capital projects at the Academies were introduced at a total EFA valuation of £14.4 million in 2011/12.

The building value of Harris Primary Academy Chafford Hundred was introduced at an insurance valuation of £8.5 million in 2011/12 and was adjusted to the EFA valuation of £4.1 million in 2012/13.

Assets under construction are Academy buildings that have been funded from DfE capital grants.

Tangible fixed assets with a net book value of £1,525 (2012 - £1,798) are held in HCTC Enterprises Ltd. There are no other differences between the assets of the group and company.

Academies with Private Funding Initiative (PFI)

Harris Academy Morden joined the Federation on 1 March 2013. Its main school building was financed under a PFI arrangement which also provides services to the school including cleaning and catering. The school pays an annual amount based on pupil numbers which will run until 2030. In the year ended 31 August 2013, £146,000 of costs relating to this has been recognised in expenditure.

Notes to the financial statements 31 August 2013

14 Investments – Harris Academies Project Management Limited

The issued share capital of Harris Academies Project Management Limited, a company registered in England and Wales (Company number 588735) was transferred to the company on 21 May 2007 and Harris Academies Project Management Limited began trading on that date. The company is used for construction work on a number of Harris Federation academy buildings.

The following is a summary of the financial statements of Harris Academies Project Management Limited which have been included in the consolidated financial statements

	2013 £'000	2012 £'000
Turnover	3,108	2,247
Cost of sales	(3,037)	(2,237)
Gross profit	71	10
Interest received	3	5
Administrative expenses	(5)	(3)
Retained profit before charitable donation under Gift Aid at 31 August 2013	69	12
Charitable donation under Gift Aid	(69)	(12)
Retained profit after charitable donation after Gift Aid at 31 August 2013	—	—
Called up share capital	—	—
Net assets at 31 August 2013	—	—

The £1 issued share capital equalled the net assets of the company at 31 August 2013

15 Investments – HCTC Enterprises Limited

The issued share capital of HCTC Enterprises Limited, a company registered in England and Wales (Company number 2962551), was transferred to the company on 31 August 2007. The company is used to carry on business as a general commercial company for the benefit of Harris City Academy Crystal Palace. To this end, the company operates the Lewis Sports and Leisure Centre.

The following is a summary of the financial statements of HCTC Enterprises Limited for the year to 31 August 2013, which have been included in the consolidated financial statements

	2013 £'000	2012 £'000
Turnover	64	71
Cost of sales	(44)	(45)
Gross profit	20	26
Administrative expenses	(10)	(8)
Retained profit before charitable donation under Gift Aid at 31 August 2013	10	18
Charitable donation under Gift Aid	(10)	(19)
Loss on ordinary activities after taxation	—	(1)
Retained profits brought forward at 1 September 2012	79	80
Retained profits carried forward at 31 August 2013	79	79
Called up share capital	—	—
Net assets at 31 August 2013	79	79

Notes to the financial statements 31 August 2013

16 Investments – Harris Professional Services Limited

The share capital of Harris Professional Services Ltd, a company registered in England and Wales (company number 08002423), was issued to the company on 22 March 2012. The company will be used to carry out general commercial business for the benefit of the Harris Federation and was dormant for the year ended 31 August 2013.

17 Debtors

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Trade debtors	620	617	246	229
Prepayments	533	533	167	167
Sundry debtors	613	622	1,001	917
Accrued grant income	—	—	79	79
VAT recoverable	1,375	1,615	535	789
Grant and other income	1,919	1,918	1,616	1,616
	5,060	5,305	3,644	3,797

18 Cash at bank and in hand

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Cash in current account	25,582	23,977	15,377	14,602
Cash in deposit account	—	—	6,400	6,400
	25,582	23,977	21,777	21,002

19 Creditors' amounts falling due within one year

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Trade creditors	4,169	3,370	3,592	3,244
Taxation and social security	1,617	1,617	1,392	1,392
Other creditors	2,493	2,100	1,193	693
EFA creditor Abatement of GAG	439	439	1,528	1,528
Accruals and deferred income	6,769	6,756	3,719	3,713
Retention building costs	290	290	490	490
Amounts due to subsidiary undertakings	—	—	—	341
	15,777	14,572	11,914	11,401

Notes to the financial statements 31 August 2013

20 Restricted funds

The income funds of the group include restricted funds comprising the following unexpended balances of grants for specific purposes

	At 1 September 2012 £'000	Incoming resources £'000	Expended resources £'000	Gains, losses and transfers £'000	At 31 August 2013 £'000
EFA revenue grant fund					
General Annual Grant (GAG)	4,232	94,649	(89,907)	(4,195)	4,779
Start Up	2,273	1,778	(1,472)	—	2,579
Other EFA	2,455	8,359	(8,359)	(200)	2,255
	8,960	104,786	(99,738)	(4,395)	9,613
Pension reserve	(10,733)	(1,847)	(1,004)	(58)	(13,642)
	(1,773)	102,939	(100,742)	(4,453)	(4,029)
Other					
LEA and other grants	583	4,213	(4,276)	—	520
Other restricted	393	662	(435)	—	620
	976	4,875	(4,711)	—	1,140
Fixed assets					
Fixed asset fund	201,628	50,269	(10,211)	4,395	246,081
Total restricted funds	200,831	158,083	(115,664)	(58)	243,192

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, academies within the Federation were subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 1 discloses whether the limit was exceeded.

Other funds

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the development and building of the new academy and other tangible fixed assets.

Transfers between funds

Transfers from the EFA General Annual Grant Fund and from general funds to the fixed asset fund relate to fixed assets purchases from these funds.

Notes to the financial statements 31 August 2013

20 Restricted funds (continued)

Analysis of fund balance by academy

Fund balances at 31 August 2013 were allocated as follows

	2013 £'000	2012 £'000
Harris Academy Beckenham	(11)	(27)
Harris Academy Bermondsey	1,391	1,618
Harris Academy Bromley	(50)	(35)
Harris Academy Chafford Hundred	80	64
Harris Primary Academy Chafford Hundred	(14)	21
Harris Primary Academy Coleraine Park	—	—
Harris City Academy Crystal Palace	168	121
Harris Boys' Academy East Dulwich	889	625
Harris Girls' Academy East Dulwich	589	596
Harris Academy Falconwood	988	823
Harris Academy Greenwich	45	—
Harris Academy Merton	275	424
Harris Academy Morden	220	—
Harris Academy Peckham	1,580	1,730
Harris Primary Free School	47	—
Harris Primary Academy Peckham Park	10	(5)
Harris Primary Academy Philip Lane	61	—
Harris Academy Purley	1,024	1,012
Harris Academy South Norwood	1,784	1,148
Collective benefit fund	1,250	990
Other Federation	420	831
Total before fixed assets and pension reserve	10,746	9,936
Restricted fixed asset fund	246,081	201,628
Pension liability	(13,642)	(10,733)
	243,185	200,831

Notes to the financial statements 31 August 2013

20 Restricted funds (continued)

Analysis of cost by academy

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total £'000
Harris Academy Beckenham	3,049	1,040	279	705	5,073
Harris Academy Bermondsey	4,427	1,383	207	2,191	8,208
Harris Academy Bromley	3,483	1,060	171	938	5,652
Harris Academy Chafford Hundred	3,583	1,392	93	1,112	6,180
Harris Primary Academy Chafford Hundred	1,240	681	72	265	2,258
Harris Primary Academy Coleraine Park	1,205	819	67	398	2,489
Harris City Academy Crystal Palace	4,832	1,806	256	1,178	8,072
Harris Boys' Academy East Dulwich	2,670	1,000	229	927	4,826
Harris Girls' Academy East Dulwich	3,233	1,204	109	1,224	5,770
Harris Academy Falconwood	3,293	976	127	862	5,258
Harris Academy Greenwich	3,715	1,395	353	1,362	6,825
Harris Academy Merton	4,338	1,434	247	1,015	7,034
Harris Academy Morden	1,466	441	127	386	2,420
Harris Academy Peckham	4,139	1,831	77	1,334	7,381
Harris Primary Free School	159	141	42	160	502
Harris Primary Academy Peckham Park	1,125	850	71	517	2,563
Harris Primary Academy Philip Lane	1,164	778	81	428	2,451
Harris Academy Purley	3,450	1,397	236	1,040	6,123
Harris Academy South Norwood	4,443	1,326	233	1,315	7,317
Federation (including collective benefit fund and central services)	2,204	2,126	280	1,216	5,826
Lead in costs for new Academies	—	—	—	3,225	3,225
Company total	57,218	23,080	3,357	21,798	105,453

Notes to the financial statements 31 August 2013

21 Analysis of net assets between funds

Analysis of net assets between funds				
Group	General fund £'000	Restricted funds		Total 2013 £'000
		General and other £'000	Fixed asset fund £'000	
Fund balances at 31 August 2013 are represented by				
Tangible fixed assets	—	—	246,081	246,081
Current assets	4,112	26,530	—	30,642
Current liabilities	—	(15,777)	—	(15,777)
Pension scheme liability	—	(13,642)	—	(13,642)
Total net assets	4,112	(2,889)	246,081	247,304

22 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member

23 Pension commitments

Retirement benefits for employees are provided by five independently administered schemes, which are funded by contributions from the employers and employees

The total pension cost to the group during the period ended 31 August 2013 was £8,057,000 (2012 - £5,983,000) of which £5,405,000 (2012 - £4,259,000) relates to the Teachers' Pension Scheme and £2,652,000 (2012 - £1,724,000) to the Local Government Pension Schemes

a) Teachers

Teaching staff are members of the Teachers' Pension Scheme (TPS)

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.

23 Pension commitments (continued)

a) Teachers (continued)

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.

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

Pension commitments (continued)

a) Teachers (continued)

Valuation of the Teachers' Pension Scheme (continued)

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.

From 1 April 2012 to 31 March 2013 the employee contribution rate ranged between 6.4% and 8.8% and from 1 April 2013 ranged from 6.4% to 11.2% depending on a members' Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2014-15.

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

Notes to the financial statements 31 August 2013

23 Pension commitments (continued)

b) Non-teachers

FRS 17

The Local Government Pension Scheme is a multi employer funded defined-benefit scheme, with the assets held in separate trustee-administered fund of which the charitable company is currently part of three different funds. The agreed contribution rates for the year ended 31 August 2012 were between 11.0% and 23.5% for employers and between 5.5% and 7.5% for employees.

The funds that the charitable company is part of are London Borough of Southwark Pension Fund, London Borough of Merton Pension Fund, London Borough of Bexley Pension Fund, London Borough of Haringey Pension Fund, London Borough of Bromley Pension Fund, Royal Borough of Greenwich Pension Fund, Essex County Council Pension Fund and London Borough of Croydon Pension Fund.

In order to assess the actuarial value of the group's assets and liabilities as at 31 August 2013, the actuaries have rolled forward the actuarial value of the assets and liabilities at 31 March 2010.

The average major assumptions used by the actuaries were

	2013 %	2012 %
Rate of increase in salaries	4.7	4.2
Rate of increase in pension payments	2.8	2.1
Discount rate	4.6	4.1
Inflation assumptions	2.8	2.1

The average mortality assumptions used were as follows

	31 August 2013	31 August 2012
Longevity at age 65 for current pensioners		
Men	21.8	21.8
Women	25.3	25.6
Longevity at age 65 for future pensioners		
Men	23.4	23.7
Women	27.0	27.6

Notes to the financial statements 31 August 2013

23 Pension commitments (continued) b) Non-teachers (continued)

The estimated share of the assets in the scheme attributable to the group and the average expected rates of return were

	Expected return at 31 August 2013 %	Value at 31 August 2013 £'000	Expected return at 31 August 2012 %	Value at 31 August 2012 £'000
Equities	7.2	15,065	6.6	10,029
Government bonds	3.4	1,625	2.6	1,376
Other bonds	4.2	3,113	3.6	2,422
Property	6.1	1,757	5.7	1,392
Other	7.0	746	7.4	235
Cash and other	1.4	516	1.3	245
Total market value of assets		22,822		15,699
Present value of scheme liabilities		(36,464)		(26,432)
Deficit in scheme		(13,642)		(10,733)
Actual return on the scheme assets for the year		2,518		1,038

None of the fair values of the assets shown above include any of the group's own financial instruments or any property occupied by, or other assets used by the group

Notes to the financial statements 31 August 2013

23 Pension commitments (continued)

b) Non-teachers (continued)

	Year to 31 August 2013 £'000	Year to 31 August 2012 £'000
Analysis of total operating charge		
Service cost	2,652	1,724
Total operating charge	2,652	1,724
Analysis of net return on pension scheme		
Expected return on pension scheme assets	1,022	832
Interest on pension liabilities	(1,310)	(1,088)
Net return	(288)	(256)
Brought forward defined benefit pension scheme liabilities acquired (note 31)	(1,847)	(3,107)
	(1,847)	(3,107)
Total expenditure recognised in the statement of financial activities	517	(1,639)

	2013 £'000s	2012 £'000s
Actuarial gains on pension scheme assets	1,498	418
Actuarial losses on scheme liabilities	(1,556)	(3,831)
Total amount recognised in STRGL	(58)	(3,413)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is a loss of £3,407,000 (2012 – £3,348,000)

Contributions

The total contributions made by the employer in the year have been £1,936,000 (2012 - £1,546,000) The level of contribution will be reviewed as a result of the triennial valuation of the schemes as at 31 March 2010

The best estimate of contributions to be paid by the employer to the schemes for the year beginning after 31 August 2013 is £2,024,000 (2012 - £1,393,000)

Notes to the financial statements 31 August 2013

23 Pension commitments (continued)

b) Non-teachers (continued)

Contributions (continued)

	Year to 31 August 2013 £'000	Year to 31 August 2012 £'000
Movement in deficit during the year		
Deficit at 1 September 2012	(10,733)	(3,741)
Current service cost	(2,652)	(1,724)
Employer contributions	1,936	1,546
Net return on assets	(288)	(256)
Losses on curtailments	—	(38)
Business combinations (note 31)	(1,847)	(3,107)
Actuall loss	(58)	(3,413)
Liabilities at 31 August 2013	(13,642)	(10,733)

	Year to 31 August 2013 £'000	Year to 31 August 2012 £'000
Reconciliation of liabilities		
Deficit at 1 September 2012	26,432	14,333
Business combinations (note 31)	3,311	5,257
Current service cost	2,652	1,724
Employee contributions	740	600
Interest payable	1,310	1,088
Benefits payable	463	(439)
Losses on curtailments	—	38
Actuall loss	1,556	3,831
Liabilities at 31 August 2013	36,464	26,432

	Year to 31 August 2013 £'000	Year to 31 August 2012 £'000
Reconciliation of assets		
Assets at 1 September 2012	15,699	10,592
Business combinations (note 31)	1,464	2,150
Expected return on assets	1,022	832
Employer contributions	1,936	1,546
Employee contributions	740	600
Actuall gain	1,498	418
Benefits paid	463	(439)
Assets at 31 August 2013	22,822	15,699

Notes to the financial statements 31 August 2013

23 Pension commitments (continued)

b) Non-teachers (continued)

Contributions (continued)

	Year to 31 August 2013 £'000	Year to 31 August 2012 £'000	Year to 31 August 2011 £'000	Year to 31 August 2010 £'000	Period ended 31 August 2009 £'000
Experienced adjustments					
Total present value of liabilities	(36,464)	(26,432)	(14,333)	(12,424)	(9,323)
Total present value of assets	22,822	15,699	10,592	7,195	5,365
Deficit	(13,642)	(10,733)	(3,741)	(5,229)	(3,958)
Experience gains on scheme assets	1,498	415	1,521	255	(941)
Experience gains on scheme liabilities	—	(16)	(615)	—	58

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.

24 Related party transactions

Transactions between the company and its wholly controlled subsidiaries are not disclosed, as permitted by the exemptions set out in FRS 8.

Chobham Academy opened in September 2013 run by the Harris Federation and sponsored by Lend Lease and Nigel Hugill. The Academy site was developed by Lend Lease on behalf of the Olympic Delivery Authority. Harris Federation will be responsible for running the Academy, which will operate through a related academy trust, Chobham School Academy (Stratford) (Company registration number 06846720, England and Wales). During the year, the Harris Federation received income of £2,954,478 and incurred expenditure of £2,954,478 in connection with Chobham Academy. £365,863 was owing from the Chobham Academy at the year end.

25 Capital commitments

At 31 August 2013 the group had the following capital commitments:

	2013 £'000	2012 £'000
Contracted for, but not provided in the financial statements	830	4,507

The above capital commitments will be met from DfE capital grants to be received in future years.

Notes to the financial statements 31 August 2013

26 Operating leases

At 31 August 2013 the charity has annual commitments under non-cancellable operating leases as follows

	2013 £'000	2012 £'000
Land and buildings		
Expires after five years	77	77
Other		
Expires within one year	62	126
Expires within two to five years	327	328
Expires after five years	—	26
	389	480

27 Reconciliation of net income to net cash inflow from operating activities

	2013 £'000	2012 £'000
Net income	42,960	63,475
Inherited pension deficit (note 31)	1,847	3,107
Inherited land and buildings (note 31)	(4,620)	(49,719)
Cash transferred on conversion (note 31)	(345)	(371)
Buildings included at EFA valuation and Building Schools for the future	(46,763)	(14,428)
Depreciation (note 13)	10,211	7,906
Loss on disposal of fixed assets	22	2
Capital grants from DfE and other capital income	(3,127)	(5,575)
Interest receivable	(212)	(148)
FRS 17 pension cost less contributions payable (note 23)	716	178
FRS 17 pension finance income (note 23)	288	256
Losses on curtailment	—	38
Increase in debtors	(1,416)	(547)
Decrease in creditors	4,063	2,593
Net cash inflow from operating activities	3,624	6,767

28 Returns on investment and servicing of finance

	2013 £'000	2012 £'000
Interest received	212	148
Net cash inflow from returns on investment and servicing of finance	212	148

29 Capital expenditure and financial investment

	2013 £'000	2012 £'000
Purchase of tangible fixed assets	(3,503)	(10,881)
Capital grants from DfE / EFA	3,127	5,575
Net cash outflow from capital expenditure and financial investments	(376)	(5,306)

Notes to the financial statements 31 August 2013

30 Analysis of changes in net funds

	At 1 September 2012 £'000	Cash flows £'000	At 31 August 2013 £'000
Cash in hand and at bank	15,377	10,205	25,582
Cash on deposit	6,400	(6,400)	—
	<u>21,777</u>	<u>3,805</u>	<u>25,582</u>

31 Transfer from Local Authority on conversion

During the year ended 31 August 2013, five Academies joined the Federation, Harris Academy Coleraine Park, Harris Primary Academy Philip Lane, Harris Primary Academy Greenwich, Harris Primary Free School Peckham and Harris Academy Morden. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the Harris Federation.

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

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2013 £'000	Total 2012 £'000
Leasehold buildings	—	—	4,620	4,620	49,719
Budget surplus on LA funds	345	—	—	345	371
LGPS pension deficit	—	(1,847)	—	(1,847)	(3,107)
Net assets/(liabilities)	<u>345</u>	<u>(1,847)</u>	<u>4,620</u>	<u>3,118</u>	<u>46,983</u>

32 Post balance sheet events

From September 2013, seven new Academies joined the Federation, Harris Primary Academy Benson, Harris Junior Academy Carshalton, and Harris Primary Academy Crystal Palace, Harris Primary Academy Kenley, Harris Primary Academy Kent House, Harris Academy Upper Norwood and Harris Aspire Academy.

In addition Chobham Academy, run by the Harris Federation and sponsored by Lend Lease and Nigel Hugill opened in September 2013.

The leasehold land and school buildings were transferred to the Federation at the same date. The Academies were also transferred from the local authority with a local government pension scheme liability and a working capital balance agreed with the local authority. These assets and liabilities will be recognised within the 2014 financial statements.