

Sandy Hill Academy
(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2012

Company registration number 07387540 (England & Wales)



Sandy Hill Academy

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Sandy Hill Academy

Reference and administrative details

For the year ended 31 August 2012

Governors (Trustees)

AR Fielder
R Carter
SE Hodge
CH Hender
IM Yates
EA Sinkins (resigned 1 January 2012)
CL Harris
PB Bradburn
TL Taylor (resigned 20 February 2012)
D Ashton

Secretary

EA Hender

Senior management team

Principal	AR Fielder
Headteacher	R Carter
Deputy headteacher	HV Bingham

Principal and Registered Office

Sandy Hill
ST AUSTELL
Cornwall
PL25 3AT

Company Registration Number

07387540 (England and Wales)

Auditors

Robinson Reed Layton
Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Bankers

Lloyds TSB
7 High Cross Street
ST AUSTELL
Cornwall
PL25 4AF

Solicitors

Cornwall Council Legal Services
Room 458
County Hall
TRURO
Cornwall
TR1 3AY

Actuary

Hymans Robertson LLP
20 Waterloo Street
GLASGOW
G2 6DB

Sandy Hill Academy

Governors' report

For the year ended 31 August 2012

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

Structure, Governance and Management

Constitution

The academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy.

The governors act as the trustees for the charitable activities of Sandy Hill Academy and are also the directors of the charitable company for the purposes of company law. The academy is known as Sandy Hill Academy.

Details of the governors who served during the year are included in the reference and administrative details on page 1.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect governors from claims arising from negligent acts, errors or omissions occurring whilst on the academy's business. The insurance provides cover up to £5 million on any one claim.

Principal activities

The principal object of the academy is specifically restricted to the advancement of education for the public benefit in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of recruitment and appointment or election of governors

The academy's governing body comprises the principal, any number of parent governors, any number of staff governors (providing that the total number of governors, including the principal, who are employees of the academy, does not exceed one third of the total number of governors).

The academy shall have the following governors as set out in its Articles of Association and funding agreement:

- up to 12 governors who are appointed by members,
- up to 1 LA governor who is appointed by the Local Authority,
- any parent governors who are elected by parents of registered pupils at the academy,
- any staff governors appointed by the governing body,
- up to 3 co-opted governors who are appointed by the governing body,
- the principal who is treated for all purposes as being an ex officio governor.

Sandy Hill Academy

Governors' report

For the year ended 31 August 2012

Governors are appointed for a four year period, except that this time limit does not apply to the principal. Subject to remaining eligible to be a particular type of governor, any governor can be re-appointed or re-elected.

When appointing new governors, the board will give consideration to the skills and experience mix of existing governors in order to ensure that the board has the necessary skills to contribute fully to the academy's development.

New and existing governors are always encouraged to visit the academy and to meet with children and staff at all times. All new governors receive an induction pack including terms of reference, DFE guides and laws, information points, good practice policies and induction policies. All relevant governor training courses are always made available and sharing ideas and views with other academy and school governors from within and outside of the trust is actively encouraged and promoted.

Policies and procedures adopted for the induction and training of governors

All new governors are assigned an experienced governor mentor to assist them in taking on new responsibilities, and are required to attend the new governor training course provided by County Council.

Organisational structure

Sandy Hill Academy has followed the organisational structure laid down in the Articles of Association that were registered with Companies House on 1 November 2010. The previous governing body transferred across intact, to become the new board of directors when the conversion took place and their existing terms of office continued.

The structure consists of three levels: the members, the governors and the management team. The members of the academy comprise the signatories of the memorandum, including the chair of governors. The members have defined the roles of the governors and the committee structure. The members meet annually to hold an Annual General Meeting (AGM).

Governors are also assigned specific areas of focus aligned to the management and administration of the academy, or specific teaching department links. The governing body committee operates in accordance with documented terms of reference.

Over the past year, the Sandy Hill local governing body has transformed to consist of a group of governors focussed entirely on curriculum and standards.

Members of this body also represent Sandy Hill on the umbrella trust's full board and finance committee and report back to the governors on relevant issues and decisions.

Sandy Hill Academy

Governors' report

For the year ended 31 August 2012

Risk management

The governors use a number of academy policies, including health and safety, finance, safeguarding and a risk register to evaluate strategic and reputational, operational, compliance and financial risks to which the academy is exposed and have ensured that the management structure, systems and controls are in place to manage those risks, as well as insurance to cover financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education Funding Agency during the period, and are satisfied with the overall assessment

The governing body ensure regular review of risks through the reporting provided by the management team to the aforementioned governing body

Connected organisations, including related party relationships

None as at 31st August 2012

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is to advance for the public benefit education in the United Kingdom by maintaining, managing and developing a school offering a broad and balanced curriculum

Objectives, strategies and activities

The aim of Sandy Hill Academy is to maintain, manage and develop an academy offering a broad and balanced curriculum to its pupils in a safe learning environment

The academy aims to maintain high standards over the next year and continue to find ways of improving each area of the academy The governors' believe their standards have a positive effect on not just the pupils but also to the community as well

Over the next year, Sandy Hill Academy aim to become 'outstanding' again at the next Ofsted review and to maintain its high standards with continual improvement of all areas of the curriculum provision for every child within the academy

In January 2013, Sandy Hill Academy will strengthen its collaborative working by forming a Multi Academy Trust, known as The Cornwall Academy Trust, initially with Treverbyn Academy and Padstow School, and other academies as the trust grows in size within the near future

Sandy Hill Academy

Governors' Report

For the year ended 31 August 2012

Public benefit

The governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers of duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

Sandy Hill Academy is a central part of the local community. It is used 51 weeks of the year and 13 hours a day for education and extended services provision which is accessible by the whole community through children's before and after school clubs, holiday clubs and external organisations and clubs hiring our facilities.

Achievements and performance

It has been another very successful year at Sandy Hill Academy. The academy has successfully supported Whitemoor school and introduced joint working between teachers and teaching assistants across sites, and also other local schools.

They have achieved some of the best results that the academy has ever had, all inline or above national averages, which has led to them maintaining their status as the most over subscribed primary school in Cornwall.

The key stage 1 teacher assessment results were as follows

	Reading	Writing	Maths
Percentage at level 2 and above	89%	83%	86%
Percentage at level 3	67%	25%	33%

The key stage 2 SATs results were as follows. These were very good, mainly through smaller key stage 2 classes for numeracy and literacy and the introduction of The Big Write project within the last year.

	Reading	Writing	Maths
Percentage at level 4 and above	89%	83%	86%
Percentage at level 5 and above	67%	25%	33%

	English	Maths
Pupils with two levels of progress	94%	92%

Key stage 2 APS - 28.7 (Cornwall Av. 28.1)

Value added key stage 1 - 2: 13.8 compared to last year 12.7

Within the last year, the academy has introduced a number of additional extra-curricular clubs such as cooking, sewing and choir and ran a number of gifted and talented workshops with other schools. Residential trips to Porthpean and a number of other school trips were ran and they were successful at the local St John's music festival and the choir performed at the Restormel Proms. They have strengthened links with the local community by running successful social evenings for parents, staff and directors, family learning projects for parents and children and also introduced directors days to maintain and increase their familiarity and interactions with the children and vice versa.

Sandy Hill Academy

Governors' Report

For the year ended 31 August 2012

Sandy Hill Academy continues to succeed in various sporting competitions and in the last year, notable successes include

- winners of the English Schools FA County Finals,
- District St Austell Indoor 6-A-Side tournament,
- 2011-12 was the first year the academy in Large Schools League (after winning the Small Schools) and came second, and
- 2nd in District Athletics Competition

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy 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 accounting policies.

Key financial performance indicators

The main financial performance indicator that Sandy Hill Academy governors use to govern themselves are to ensure that annual delegated funds are not being overspent or reserves are not being kept to an extreme level. Also, to ensure funds are being spent appropriately on the current pupils of Sandy Hill Academy.

Financial review

Financial report for the year to 31 August 2012

Most of the academy's income is derived from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2012, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The academy also received grants for the fixed assets from the EFA. Such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund will be reduced by annual depreciation charges over the expected useful life of the assets concerned.

Financial position

The governors consider the financial year end position of £2,289,757 comprising £2,141,952 of restricted fixed asset funds, £(22,542) of restricted funds and £170,347 of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(103,000) and general restricted funds of £80,458.

Financial and risk management objectives and policies

The academy has agreed a risk management strategy, a risk register and a risk management plan. These have been discussed by governors and include the financial risks to the academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Sandy Hill Academy

Governors' Report

For the year ended 31 August 2012

Financial and risk management objectives and policies (continued)

The governors have assessed the major risks to which the academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full governors' and finance committee meetings. The governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

The governing body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 21 to the financial statements, represents a significant potential liability. However as the governors consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal risks and uncertainties

The principal risk facing the academy is the future level of government funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year. The governors have also self-assessed financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education Funding Agency during the period, and are satisfied with the overall assessment.

Reserves policy

Sandy Hill Academy governors aim to control reserves to an agreed level to ensure excessive balances are not held at any one time. Governors will ensure that delegated funds are spent appropriately on the pupils of Sandy Hill Academy and that government balances policies will always be adhered to.

However, governors are also aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future for Sandy Hill Academy. Any future financial trends are identified early by good financial planning and regular monitoring by finance staff and the Sandy Hill Academy finance committee.

Investment policy

The governors of Sandy Hill Academy are not allowed to make financial investments with any level of risk with third party organisations that may threaten the future of our organisation.

Plans for future periods

Sandy Hill Academy is currently linked with Treverbyn Academy and Padstow Primary School under the umbrella of the Cornwall Academy Trust. In January 2013, Sandy Hill Academy will strengthen this partnership with these academies by forming a Multi Academy Trust, known as The Cornwall Academy Trust. It is aimed for the trust to grow over the next few years to include a variety of academies with differing needs and skills to create sufficient capacity to allow the trust to provide the best possible education and resources to its children and academies. The academy strives to become active and responsible members of the newly formed Cornwall Academy Trust.

Sandy Hill Academy

Governors' Report

For the year ended 31 August 2012

Funds held as Custodian Trustee on behalf of others

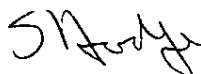
There are no such funds

Auditor

In so far as the governors are aware

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

Approved by order of the members of the Governing Body on 19 December 2012
and signed on its behalf by



S Hodge
Chair

Sandy Hill Academy

Governance statement

For the period ended 31 August 2012

Scope of responsibility

As governors, we acknowledge we have responsibility for ensuring that Sandy Hill Academy 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 misstatements or loss.

The governing body has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sandy Hill Academy and the Secretary of State for Education. He is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of Governors' responsibilities. The governing body has formally met 2 times during the year.

Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
AR Fielder	1	2
R Carter	2	2
SE Hodge	2	2
CH Hender	1	2
IM Yates	1	2
EA Sinkins	1	1
CL Harris	0	2
PB Bradburn	0	2
TL Taylor	0	1
D Ashton	1	2

Attendance during the year at meetings of The Cornwall Academy Trust Overarching Board was as follows:

Governor	Meetings attended	Out of a possible
AR Fielder	3	3
SE Hodge	3	3
CH Hender	3	3
IM Yates	2	3
PB Bradburn	3	3
D Ashton	3	3

The purpose of the system of internal control

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

Sandy Hill Academy

Governance statement

For the period ended 31 August 2012

Capacity to handle risks

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the finance and general purposes 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed a Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Sandy Hill Academy

Governance statement

For the period ended 31 August 2012

Review of Effectiveness

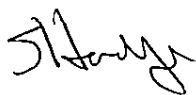
As accounting officer, the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

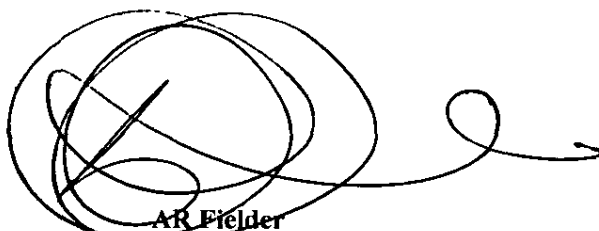
- the work of the Responsible Officer
- the work of the external auditor,
- the financial management and governance self-assessment process, and
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework,

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 general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on
and signed on its behalf by

19 December 2012


S Hodge
Chair


AR Fielder
Accounting Officer

Sandy Hill Academy

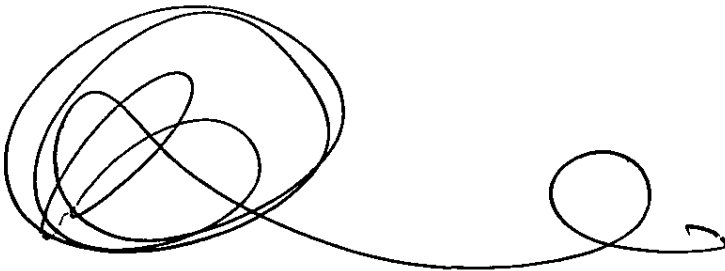
Statement on regularity, propriety and compliance

For the period ended 31 August 2012

As accounting officer of Sandy Hill Academy I have considered my responsibility to notify the academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy governing body are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy'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, consisting of a large, loopy initial 'A' followed by a series of loops and a small circle at the end.

AR Fielder
Accounting officer

Sandy Hill Academy

Statement of governors' responsibilities

For the year ended 31 August 2012

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

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

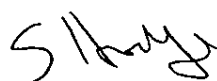
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

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

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

Approved by order of the members of the Governing Body on 19 December 2012
and signed on its behalf by



S Hodge
Chair

Sandy Hill Academy

Independent auditor's report on the financial statements to the governing body of Sandy Hill Academy

We have audited the financial statements of Sandy Hill Academy for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the statement of governors' responsibilities set out on page 13, the governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements.

In addition, we read all the financial and non financial information in the governors' report to identify material inconsistencies with the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Direction 2011/12 issued by the Education Funding Agency.

Sandy Hill Academy

Independent auditor's report on the financial statements to the governing body of Sandy Hill Academy

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governor's report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



Graham D Boulton FCA (Senior Statutory Auditor)
For and on behalf of Robinson Reed Layton
Chartered Accountants
Statutory Auditors

Peat House
Newham Road
TRURO
TR1 2DP

20 December 2012

Sandy Hill Academy

Independent auditor's report on regularity to the governing body of Sandy Hill Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 October 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy during the year to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 governing body and the EFA, for our review work, for this report, or for the opinion we have formed

Respective responsibilities of the governing body and Auditors

This governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material aspects, expenditure disbursed and income received during the year to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Basis of opinion

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

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

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

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

Sandy Hill Academy

Independent auditor's report on regularity to the governing body of Sandy Hill Academy and the Education Funding Agency

Conclusion

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



Graham D Boulton FCA (Senior Statutory Auditor)
For and on behalf of Robinson Reed Layton
Chartered Accountants
Statutory Auditors

Peat House
Newham Road
TRURO
TR1 2DP

20 December 2012

Sandy Hill Academy

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

For the year ended 31 August 2012

	Note	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £	Total 2011 (10 months) £
Incoming resources						
<i>Incoming resources from generated funds*</i>						
Voluntary income – transfer from Local Authority on conversion		1,050	-	-	1,050	2,245,148
Voluntary income	3	2,197	1,015	88,206	91,418	26,767
Activities for generating funds	4	89,547	233,695	-	323,242	117,688
Investment income	5	500	-	-	500	138
<i>Incoming resources from charitable activities</i>						
Funding for the academy's educational operations	6	-	1,056,128	-	1,056,128	919,905
Total incoming resources		93,294	1,290,838	88,206	1,472,338	3,309,646
Resources expended						
<i>Cost of generating funds</i>	8	77,000	203,151	5,333	285,484	92,770
<i>Charitable activities*</i>						
Academy's educational operations	9	-	1,039,223	71,295	1,110,518	862,090
<i>Governance costs</i>	10	-	15,921	-	15,921	15,444
<i>Other resources expended – transfer from Local Authority on conversion</i>		-	-	-	-	59,000
Total resources expended	7	77,000	1,258,295	76,628	1,411,923	1,029,304
Net incoming resources before transfers		16,294	32,543	11,578	60,415	2,280,342
Gross transfers between funds		-	(34,874)	34,874	-	-
Net income/(expenditure) for the year		16,294	(2,331)	46,452	60,415	2,280,342
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(68,000)	-	(68,000)	17,000
Net movement in funds		16,294	(70,331)	46,452	(7,585)	2,297,342
Reconciliation of funds						
Funds brought forward at 1 September 2011		154,053	47,789	2,095,500	2,297,342	-
Funds carried forward at 31 August 2012		170,347	(22,542)	2,141,952	2,289,757	2,297,342

All of the Academy's activities derived from operations which commenced or were transferred during the year ended 31 August 2012 and represent continuing operations. A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

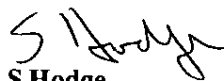
Sandy Hill Academy

Balance sheet

At 31 August 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	14		2,141,952		2,095,500
Current assets					
Stock	15	2,764		-	
Debtors	16	27,127		55,050	
Cash at bank and in hand		276,004		257,058	
		305,895		312,108	
Creditors: Amounts falling due within one year	17	(55,090)		(70,266)	
Net current assets			250,805		241,842
Net assets excluding pension liability			2,392,757		2,337,342
Pension scheme liability	21		(103,000)		(40,000)
Net assets including pension liability	19		2,289,757		2,297,342
Funds of the academy:					
Restricted income funds					
Fixed asset fund			2,141,952		2,095,500
General fund			80,458		87,789
Pension reserve			(103,000)		(40,000)
Total restricted funds			2,119,410		2,143,289
Unrestricted income funds					
General fund			170,347		154,053
Total unrestricted funds			170,347		154,053
Total funds	18		2,289,757		2,297,342

The financial statements were approved by the Governors, and authorised for issue on 19 December 2012 and are signed on their behalf by


S Hodge
 Chair

Company registration no 07387540

Sandy Hill Academy

Cash flow statement

For the year ended 31 August 2012

	<i>Note</i>	2012	2011
		£	£
Cash transferred on conversion to an academy		1,050	147,007
Net cash inflow from operating activities	<i>1</i>	52,270	130,100
Returns on investments and servicing of finance			
Interest received		500	138
Net cash inflow from returns on investments and servicing of finance		500	138
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(123,080)	(46,954)
Capital grants from DfE/EFA		88,206	26,767
Net cash outflow from capital expenditure and financial investment		(34,874)	(20,187)
Increase in cash		18,946	257,058

Sandy Hill Academy

Notes to cash flow statement

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

	2012 £	2011 £
Net income for the year/period	60,415	2,280,342
Investment income	(500)	(138)
Fixed assets transferred on conversion	-	(2,098,141)
Cash transferred on conversion	(1,050)	(147,007)
LGPS deficit transferred on conversion	-	59,000
Loss on disposal of fixed assets	5,333	-
Capital grants from DfE and other capital income	(88,206)	(26,767)
Depreciation	71,295	49,595
FRS 17 pension cost less contributions paid	(6,000)	(3,000)
FRS 17 pension finance cost	1,000	1,000
Increase in stock	(2,764)	-
Decrease/(increase) in debtors	27,923	(55,050)
(Decrease)/increase in creditors	(15,176)	70,266
	<hr/>	<hr/>
Net cash inflow from operating activities	52,270	130,100
	<hr/>	<hr/>

2 Analysis of changes in net funds

	As at 1 September 2011 £	Cash flow £	As at 31 August 2012 £
Cash at bank and in hand	257,058	18,946	276,004
	<hr/>	<hr/>	<hr/>

3 Reconciliation of net cash flow to movement in net funds

	2012 £
Increase in cash	18,946
Net funds at 1 September 2011	257,058
	<hr/>
Net funds at 31 August 2012	276,004
	<hr/>

Sandy Hill Academy

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2011/12 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Incoming resources

All incoming resources are recognised when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

i Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

ii Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt.

iii Donations

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

iv Other income

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

v Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

Sandy Hill Academy

Notes

(forming part of the financial statements)

1 4 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

i Costs of generating funds

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

ii Charitable activities

These are costs incurred on the academy's education operations.

iii Governance costs

These include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1 5 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful lives, as follows:

Long leasehold property	2% per annum on cost
Fixtures, fittings and equipment	20% per annum on cost
ICT equipment	33% per annum on cost
Motor vehicles	20% per annum on cost

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1 6 Stock

Stock is valued at the lower of cost or net realisable value.

1 7 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of the 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.

Sandy Hill Academy

Notes

(forming part of the financial statements)

1 8 Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1 9 Fund accounting

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

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

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

1 10 Leasing

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

Sandy Hill Academy

Notes

(forming part of the financial statements)

2 General Annual Grant (GAG)

i Results and carry forward for the year

	2012 £	2011 £
GAG brought forward from previous year	46,235	-
GAG allocation for the current year	991,672	876,290
Total GAG available to spend	1,037,907	876,290
Recurrent expenditure from GAG	(952,294)	(809,868)
Fixed assets purchased from GAG	(34,874)	(20,187)
GAG carried forward to next year	50,739	46,235
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(119,001)	(105,155)
GAG to surrender to DfE	(68,262)	(58,920)
(12% rule breached if result is positive)	No breach	No breach

ii Use of GAG brought forward from previous year for recurrent purposes

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

	2012 £	2011 £
Recurrent expenditure from GAG in current year	952,294	809,868
GAG allocation for current year	(991,672)	(876,290)
GAG allocation for previous year x 2%	(17,526)	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(56,904)	(66,422)
(2% rule breached if result is positive)	No breach	No breach

Sandy Hill Academy

Notes

(forming part of the financial statements)

3 Voluntary income

	Unrestricted funds	Restricted general fund	Restricted fixed asset fund	Total 2012	Total 2011
	£	£	£	£	£
Capital grants	-	-	88,206	88,206	26,767
Donations	2,197	1,015	-	3,212	-
	<u>2,197</u>	<u>1,015</u>	<u>88,206</u>	<u>91,418</u>	<u>26,767</u>

4 Activities for generating funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012	Total 2011
	£	£	£	£	£
Hire of facilities	6,535	-	-	6,535	3,800
Uniform income	5,404	-	-	5,404	3,575
Nursery income	18,275	95,636	-	113,911	37,346
Kids Club	30,084	-	-	30,084	21,635
Premises Network	-	98,208	-	98,208	24,526
Business manager	7,735	-	-	7,735	-
Treverbyn Academy set up	-	39,851	-	39,851	16,500
Other	21,514	-	-	21,514	10,306
	<u>89,547</u>	<u>233,695</u>	<u>-</u>	<u>323,242</u>	<u>117,688</u>

5 Investment income

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012	Total 2011
	£	£	£	£	£
Short term deposits	500	-	-	500	138
	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>138</u>

Sandy Hill Academy

Notes

(forming part of the financial statements)

6 Funding for the academy's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £	Total 2011 £
DfE/EFA revenue grants					
General Annual Grant (GAG) (note 2)	-	991,672	-	991,672	876,290
Other DfE/EFA Grants	-	37,768	-	37,768	35,712
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,029,440	-	1,029,440	912,002
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Government grants					
SEN statemented funding	-	25,088	-	25,088	7,603
Early years grant	-	-	-	-	300
AST funding	-	1,600	-	1,600	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	26,688	-	26,688	7,903
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,056,128	-	1,056,128	919,905
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Sandy Hill Academy

Notes

(forming part of the financial statements)

7 Resources expended

	Staff costs £	Non Pay Expenditure Premises £	Other costs £	Total 2012 £	Total 2011 £
Costs of generating funds	155,323	-	130,161	285,484	92,770
Academy's educational operations					
- Direct costs	720,061	66,551	46,646	833,258	663,964
- Allocated support costs	113,349	90,541	73,370	277,260	198,126
	833,410	157,092	120,016	1,110,518	862,090
Governance costs including allocated support costs	-	-	15,921	15,921	15,444
Other resources expended – transfer from Local Authority on conversion	-	-	-	-	59,000
	988,733	157,092	266,098	1,411,923	1,029,304

Incoming/outgoing resources for the year include:

	2012 £	2011 £
Fees payable to auditor - audit	1,750	1,750
- other services	1,580	1,000
Depreciation	71,295	49,595
Loss on disposal of fixed assets	5,333	-

8 Cost of generating funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2012 £	Total 2011 £
Uniform purchased	4,070	-	-	4,070	4,216
Nursery	-	92,816	-	92,816	38,506
Kids Club	30,905	-	-	30,905	21,539
Premises Network	-	85,476	-	85,476	9,451
Treverbyn Academy implementation	-	24,859	-	24,859	12,527
Loss on disposal of fixed assets	-	-	5,333	5,333	-
Other expenditure	42,025	-	-	42,025	6,531
	77,000	203,151	5,333	285,484	92,770

Sandy Hill Academy

Notes to the financial statements

For the period ended 31 August 2012

9 Charitable activities – academy's educational operations

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012	Total 2011
	£	£	£	£	£
Direct costs					
Teaching and educational support staff costs	-	720,061	-	720,061	585,679
Depreciation	-	-	66,551	66,551	44,853
Educational supplies	-	16,687	-	16,687	21,531
Staff development	-	5,771	-	5,771	2,629
Educational consultancy	-	3,520	-	3,520	-
Other direct costs	-	20,668	-	20,668	9,272
	-	766,707	66,551	833,258	663,964
Allocated support costs					
Support staff costs	-	113,349	-	113,349	64,595
Depreciation	-	-	4,744	4,744	4,742
Recruitment and support	-	963	-	963	122
Maintenance of premises and equipment	-	35,901	-	35,901	35,425
Cleaning	-	32,881	-	32,881	23,873
Rent and rates	-	17,015	-	17,015	21,138
Insurance	-	23,958	-	23,958	13,772
Security and transport	-	3,707	-	3,707	4,748
Bank interest and charges	-	236	-	236	99
Other support costs	-	44,506	-	44,506	29,612
	-	1,039,223	71,295	1,110,518	862,090

10 Governance costs

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2012	Total 2011
	£	£	£	£	
Legal and professional fees	-	12,345	-	12,345	11,614
Accountancy	-	1,000	-	1,000	1,000
Auditor's remuneration	-	-	-	-	-
- audit of financial statements	-	1,500	-	1,500	1,750
Governors' reimbursed expenses	-	1,076	-	1,076	1,080
	-	15,921	-	15,921	15,444

Sandy Hill Academy

Notes

(forming part of the financial statements)

11 Staff costs

	2012 £	2011 £
Wages and salaries	790,118	547,828
Social security costs	54,066	36,526
Pension costs	104,536	75,639
	<hr/>	<hr/>
Supply teacher costs	948,720	659,993
	40,013	37,978
	<hr/>	<hr/>
	988,733	697,971
	<hr/>	<hr/>

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

	2012 No	2011 No
<i>Charitable activities</i>		
Teachers	12	11
Administration and support	22	22
Management	3	3
	<hr/>	<hr/>
	37	36
	<hr/>	<hr/>

The number of employees whose remuneration fell within the following bands was

	2012 No.	2011 No
£60,001 - £70,000	1	1
£80,001 - £90,000	1	-
	<hr/>	<hr/>

The above employees participate in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £18,607 (2011 £7,943)

Sandy Hill Academy

Notes

(forming part of the financial statements)

12 Governors' remuneration and expenses

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

	12 month period	10 month period
A Fielder, principal and trustee	£85,000 - £90,000	(2011 £65,000 - £70,000)
R Carter, headteacher and trustee	£60,000 - £65,000	(2011 £50,000 - £55,000)
P Bradburn, staff governor and trustee	£25,000 - £30,000	(2011 £20,000 - £25,000)

The above remuneration includes on costs and pension contributions.

During the year ended 31 August 2012, travel and subsistence expenses totalling £1,076 (2011 £1,080) were reimbursed to 1 governor (2011 1).

Related party transactions involving the trustees are set out in note 22.

13 Governors' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2012 was £741 (2011 £692).

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

Sandy Hill Academy

Notes

(forming part of the financial statements)

14 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost / valuation				
At 1 September 2011	2,021,767	118,828	4,500	2,145,095
Additions	71,984	51,096	-	123,080
Disposals	-	(6,400)	-	(6,400)
At 31 August 2012	2,093,751	163,524	4,500	2,261,775
Depreciation				
At 1 September 2011	21,070	27,775	750	49,595
Charged in year	26,725	43,670	900	71,295
On disposals	-	(1,067)	-	(1,067)
At 31 August 2012	47,795	70,378	1,650	119,823
Net book values				
At 31 August 2012	2,045,956	93,146	2,850	2,141,952
Net book values				
At 31 August 2011	2,000,697	91,053	3,750	2,095,500

The property was valued on 1 April 2011 on a depreciated replacement cost basis. Additions since that date are recorded at cost.

The Governors do not believe there has been a significant change in the value of the property at 31 August 2012.

15 Stock

	2012 £	2011 £
Uniform	2,764	-

16 Debtors

	2012 £	2011 £
Trade debtors	12,193	18,879
Other debtors	13,426	36,171
Prepayments and accrued income	1,508	-
	27,127	55,050

Sandy Hill Academy

Notes

(forming part of the financial statements)

17 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	8,211	18,448
Taxation and social security	17,514	14,827
Other creditors	15,055	25,226
Accruals and deferred income	14,310	11,765
	<u>55,090</u>	<u>70,266</u>

18 Funds

	Balance at 1 September 2011 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
Restricted general funds					
General Annual Grant (GAG)	46,235	991,672	(952,294)	(34,874)	50,739
Other DfE/EFA Grants	24,629	37,768	(62,397)	-	-
Restricted donations	-	1,015	(1,015)	-	-
Nursery	-	95,636	(92,816)	-	2,820
Premises Network	12,952	98,208	(85,476)	-	25,684
SEN funding	-	25,088	(25,088)	-	-
AST funding	-	1,600	(1,600)	-	-
Treverbyn Academy implementation	3,973	39,851	(42,609)	-	1,215
Pension scheme	(40,000)	-	5,000	(68,000)	(103,000)
	<u>47,789</u>	<u>1,290,838</u>	<u>(1,258,295)</u>	<u>(102,874)</u>	<u>(22,542)</u>
Restricted fixed asset funds					
Voluntary income	2,056,555	-	(53,125)	-	2,003,430
Capital grants	38,945	88,206	(23,503)	34,874	138,522
	<u>2,095,500</u>	<u>88,206</u>	<u>(76,628)</u>	<u>34,874</u>	<u>2,141,952</u>
Total restricted funds	<u>2,143,289</u>	<u>1,379,044</u>	<u>(1,334,923)</u>	<u>(68,000)</u>	<u>2,119,410</u>
Unrestricted funds					
Unrestricted general funds	154,053	93,294	(77,000)	-	170,347
	<u>154,053</u>	<u>93,294</u>	<u>(77,000)</u>	<u>-</u>	<u>170,347</u>
Total funds	<u>2,297,342</u>	<u>1,472,338</u>	<u>(1,411,923)</u>	<u>(68,000)</u>	<u>2,289,757</u>

Sandy Hill Academy

Notes

(forming part of the financial statements)

18 Funds (continued)

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

Restricted general funds

The restricted general fund includes grants receivable from the Education Funding Agency and the Department for Education towards the principal activity of the academy, being the provision of education

Restricted fixed asset funds

The restricted fixed asset fund includes the leasehold property and furniture and equipment transferred to Sandy Hill Academy on 1 November 2010 and Education Funding Agency grants which have been received. The fund is being reduced by the depreciation in the period.

19 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	2,141,952	2,141,952
Current assets	170,347	135,548	-	305,895
Current liabilities	-	(55,090)	-	(55,090)
Pension scheme liability	-	(103,000)	-	(103,000)
Total net assets	170,347	(22,542)	2,141,952	2,289,757

20 Members' liability

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

21 Pension and similar obligations

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

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

Contributions amounting to £14,790 were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

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

Sandy Hill Academy

Notes

(forming part of the financial statements)

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

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

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £60,755, of which employer's contributions totalled £45,195 and employees' contributions totalled £15,560. The agreed contribution rates for future years are 15% for employers and from 5.5% to 7.5% for employees based on their full time equivalent rate of pensionable pay.

Sandy Hill Academy

Notes

(forming part of the financial statements)

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions

	At 31 August 2012 %	At 31 August 2011 %
Rate of increase in salaries	1.0	1.0
Rate of increase for pensions in payment/inflation	2.2	2.6
Discount rate for scheme liabilities	4.1	5.4

Commutation

An allowance is included for future retirements to elect to take 40% of the maximum additional tax free cash up to HM Revenue & Customs limits for pre April 2008 service and 70% of the maximum tax-free cash for post April 2008 service

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	21.3	21.3
Females	23.4	23.4
<i>Retiring in 20 years</i>		
Males	23.2	23.2
Females	25.6	25.6

Sandy Hill Academy

Notes

(forming part of the financial statements)

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions (continued)

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £'000
Equities	5.5	176	6.8	127
Bonds	3.4	45	4.6	30
Property	3.7	18	4.8	13
Cash	2.8	24	3.9	17
Total market value of assets		263		187
Present value of scheme liabilities - Funded		(366)		(227)
Deficit in the scheme		(103)		(40)

The actual return on scheme assets was £16,000 (2011 £2,000)

Amounts recognised in the statement of financial activities

	2012 £'000	2011 £'000
Current service cost	39	28
Past service cost	-	-
Total operating charge	39	28

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	13	9
Interest on pension liabilities	(14)	(10)
Pension finance income/(costs)	(1)	(1)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £51,000 loss (2011 £17,000 gain)

Sandy Hill Academy

Notes

(forming part of the financial statements)

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2012 £'000	2011 £'000
At 1 September	227	203
Current service cost	39	28
Interest cost	14	10
Employee contributions	16	10
Actuarial losses/(gains)	70	(24)
Benefits paid	-	-
Past service cost	-	-
Curtailments and settlements	-	-
At 31 August	366	227

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

	2012 £'000	2011 £'000
At 1 September	187	144
Expected return on assets	13	9
Actuarial gains/(losses)	2	(7)
Employer contributions	45	31
Employee contributions	16	10
Benefits paid	-	-
At 31 August	263	187

The estimated value of employer contributions for the year ended 31 August 2013 is £48,000

The five year history of experience adjustments is as follows.

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(366)	(227)	-	-	-
Fair value of share of scheme assets	263	187	-	-	-
Deficit in the scheme	(103)	(40)	-	-	-
Experience adjustments on share of scheme assets					
Amount £'000	2	(7)	-	-	-
Experience adjustments on scheme liabilities:					
Amount £'000	-	-	-	-	-

Sandy Hill Academy

Notes

(forming part of the financial statements)

22 Related party transactions

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

Ashton MEC Limited is a company in which Dean Ashton, a Governor, has a majority interest. Transactions totalling £4,524 (2011 £7,200), relating to the supply of consultancy services took place in the year. At the year end there was £Nil (2011 £6,000) outstanding.

Mrs E Hender, wife of Governor (Chris Hender), provided clerking services to the academy totalling £14,033 (2011 £3,650) during the year. At the year end £Nil (2011 £500) was outstanding to Mrs E Hender.

Mrs S Hodge (Governor) is wife of Mr David Hodge who is a shareholder of County Heating Maintenance Holdings Limited, who supplied heating services to the academy of £45 (2011 £4,393) in the year. At the year end there were no outstanding balances (2011 no outstanding balances).

Rachel Carter (Governor) is the daughter of the owner of Carter Builders who supplied building services with a value of £Nil (2011 £2,028) during the year. There were no balances outstanding at the year end (2011 no outstanding balances).