

HURWORTH SCHOOL LIMITED
(a company limited by guarantee)
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2013



HURWORTH SCHOOL LIMITED

COMPANY INFORMATION

Year ended 31 August 2013

Governors (Trustees)

D Bell
K D Bernstone*
I Black
R Coulson (resigned 11 September 2013)
J A S Crawford
N Gawthorpe* (appointed 1 September 2012)
M Deakin (resigned 12 November 2013)
E M Donlan
L Gaffney*
I D Holme*
M S Jackson*
N A James*
S Jameson
S Johnson*
D Judson*
J E Marshall*
A Pilkington*
S J Pilkington*
N Rees*
R Rees*

*** Members of the Finance and General Purpose Committee**

Company Secretary

W B Company Secretaries Limited

Senior Management Team

Principal

D Judson

Chief Executive

E Farrar (resigned 31st December 2012)

Principal and Registered Office

Croft Road
Hurworth on Tees
Darlington
County Durham
DL2 2JG

Company Registration Number

07533271 (England and Wales)

Independent Auditor

Baker Tilly UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Bankers

Lloyds TSB, Skinnergate, Darlington, DL3 7ND

Solicitors

Watson Burton, 1 St James Gate Newcastle upon Tyne, NE99 1YQ

GOVERNORS' REPORT

Year ended 31 August 2013

The Governors present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2013

The financial statements have been prepared in accordance with the accounting policies of the attached financial statements and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Group is limited by guarantee and an exempt charity. The Group's memorandum and articles of association dated 17 February 2011 are the primary governing documents of the Group.

The Governors act as trustees for charitable activities of Hurworth School Limited and are also the Governors of the Charitable Company for the purposes of company law. The Charitable Company is known as 'Hurworth Academy'.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

The Academy set up a trading subsidiary company, Hurworth School Improvement Service Limited, on 26 October 2011 which commenced trading on 1 January 2012. The results of the subsidiary company are consolidated into the group accounts. The company ceased trading on 5 December 2012.

Members' liability

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

Governors' indemnities

Companies Act 2006 section 236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Group's Articles of Association, indemnity insurance with Zurich International has been taken out to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Group. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Governors.

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HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)
Year ended 31 August 2013

Principal activities

The following details the main purpose of the Company as set out in its Articles of Association and supported by the funding agreement secured with the Secretary of State for Education on 21 March 2011, amended 15 January 2013

The Group's object is specifically restricted to the following to advance for the public benefit education 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 ("the Academy")

The principal activity of the Hurworth School Improvement Service was to deliver school improvement conference and educational training services within the education sector

Method of recruitment and appointment or election of Governors

As set out in the articles and funding agreement -

The Group has the following Governors

- a 8 Governors, appointed under Article 50 (see below)
- b 3 Staff Governors, appointed under Article 50A,
- c 1 Local Authority Governor appointed under Article 51,
- d 7 Parent Governors appointed under Articles 53-58 ,
- e the Principal

Appointment of Governors

The Members of the Group are -

S Jameson
I Black
N Rees

The Members may appoint 8 Governors

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Group does not exceed one third of the total number of Governors

The Local Authority may appoint the LA Governor

The Principal shall be treated for all purposes as being an ex officio Governor

Subject to Article 57, the Parent Governors shall be elected by parents of registered pupils at the Academy A Parent Governor must be a parent of a pupil at the Academy at the time when they are elected The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy Any election of Parent Governors which is contested shall be held by secret ballot The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy by a registered pupil at the Academy Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that they are entitled to stand as a candidate, and vote at the election, and given an opportunity to do so The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age

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HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)
Year ended 31 August 2013

CO-OPTED GOVERNORS

The Governors may appoint up to 3 Co-opted Governors. A Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Group as a Co-opted Governor if thereby the number of Governors who are employees of the Group would exceed one third of the total number of Governors (including the Principal)

APPOINTMENT OF ADDITIONAL GOVERNORS

The Secretary of State may give a warning notice to the Governors where he is satisfied -

- i) that the standards of performance of pupils at the Academy are unacceptably low, or
- ii) that there has been a serious breakdown in the way the Group is managed or governed, or
- iii) that the safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise)

For the purposes of Article 60 a 'warning notice' is a notice in writing by the Secretary of State to the Academy delivered to the Office setting out -

- a) the matters referred to in Article 60,
- b) the action which he requires the Governors to take in order to remedy those matters, and
- c) the period within which that action is to be taken by the Governors ('the compliance period')

The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has

- a) given the Governors a warning notice in accordance with Article 60, and
- b) the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period

The Secretary of State may also appoint such additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by Hurworth School shall be regarded as the grade received by the Academy

The Secretary of State may also appoint such further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy

Within 5 days of the Secretary of State appointing any additional or further Governors in accordance with Articles 62, 62A or 63, any Governors appointed under Article 50 and holding office immediately preceding the appointment of such Governors, shall resign immediately and the Members' power to appoint Governors under Article 50 shall remain suspended until the Secretary of State removes one or more of the additional or further Governors

TERM OF OFFICE

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected

Policies and procedures adopted for the induction and training of Governors

The Group has a Service Level Agreement with Darlington LA for this purpose

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HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)
Year ended 31 August 2013

Organisational structure

The Group's Principal is the Accounting Officer. His main task is to execute the policies agreed by the Group in relation to its education functions and to bring forward for approval, proposals for further improving the quality of educational experience of the Academy's students. The Group's Governing Body has delegated the Principal extensive powers to make decisions quickly and efficiently in respect of the Principal's responsibilities. A Leadership Team consisting of one Deputy and five Assistant Heads supported the Principal in managing the Group during the year. So while the Governing Body set the overall policies of the Group, the Principal decides how these are put into practice.

The school's Principal advises the Governing Body on all matters relating to the Academy and its development and manages the Academy's subsidiary company, Hurworth School Improvement Service Limited, incorporated on 26 October 2011.

The Governing Body ensure good governance of the Group and set policy. It can also question implementation of policy where relevant. The Governing Body has a Finance Committee and a Curriculum/Staffing Committee with specific duties relating to their function. The Committees have delegated powers so that action can be taken quickly whenever necessary. Further ad hoc committees are set up from time to time to advise the Governing Body on very specific matters. These have advisory powers only.

The Governing Body has a Governor who is a member of the Curriculum Staffing Committee with financial expertise who is the Responsible Officer.

Risk management

A review identifying the major risks, to which the Group is exposed, as identified by the Governors, is undertaken annually, and systems or procedures established to manage those risks. The Group has conducted a review and updated the risk register which was discussed and approved by the Finance Committee on the 9th May 2013.

Connected organisations, including related party relationships

The Academy set up a subsidiary company, incorporated on 26 October 2011, to trade in school improvement services. All profits from the subsidiary company are donated to the Academy. The Academy's Principal manages the subsidiary company. The subsidiary company's Board of Directors (all of whom are Academy Governors) are responsible for the company including its viability and for ensuring its functions do not impact on the Academy's core business of providing the best possible education for its students. The company ceased trading in the year.

Objectives and Activities

The Group exists to ensure that standards of education provision at the Academy are high and that the leadership and management of the Academy develop them still further. There is an obligation on the Group to support school improvement elsewhere across the country providing there is no detrimental effect on the quality of education provision in the Academy.

The Governing Body meets termly and has committees supporting the detail of its work.

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HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)
Year ended 31 August 2013

Objects and aims

In furtherance of the Object identified on page 4 of this document (Principal Activities) the Group exercises the following powers -

- (a) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and to operate bank accounts in the name of the Group,
- (b) to raise funds and to invite and receive contributions provided that in raising funds the Academy shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations,
- (c) to acquire, alter, improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property,
- (d) to employ such staff, as are necessary for the proper pursuit of the Object and to make all reasonable and necessary provision for the payments of pensions and superannuation to staff and their dependants,
- (e) to establish or support, whether financially or otherwise, any charitable trusts, associations or institutions formed for all or any of the Object,
- (f) to co-operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in furtherance of the Object and to exchange information and advice with them,
- (g) to pay out of funds of the Group the costs, charges and expenses of and incidental to the formation and registration of the Group,
- (h) to establish, maintain, carry on, manage and develop the Academy at Croft Road, Hurworth on Tees, Darlington, County Durham, DL2 2JG,
- (i) to offer scholarships, exhibitions, prizes and awards to pupils and former pupils, and otherwise to encourage and assist pupils and former pupils,
- (j) to provide educational facilities and services to students of all ages and the wider community for the public benefit,
- (k) to carry out research into the development and application of new techniques in education in particular in relation to the areas of curricular specialisation of the Group and to its approach to curriculum development and delivery and to publish the results of such research, and to develop means of benefiting from application of the experience of industry, commerce, other schools and the voluntary sector to the education of pupils in academies,
- (l) subject to such consents as may be required by law and/or by any contract entered into by or on behalf of the Group to borrow and raise money for the furtherance of the Object in such manner and on such security as the Group may think fit,
- (m) to deposit or invest any funds of the Group not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification),
- (n) to delegate the management of investments to a financial expert, but only on terms that
 - (i) the investment policy is set down in writing for the financial expert by the Governors,
 - (ii) every transaction is reported promptly to the Governors,
 - (iii) the performance of the investments is reviewed regularly with the Governors,
 - (iv) the Governors are entitled to cancel the delegation arrangement at any time,
 - (v) the investment policy and the delegation arrangement are reviewed at least once a year,
 - (vi) all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Governors on receipt, and
 - (vii) the financial expert must not do anything outside the powers of the Governors
- (o) to arrange for investments or other property of the Group to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required,

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GOVERNORS' REPORT (continued)
Year ended 31 August 2013

- (p) to provide indemnity insurance to cover the liability of Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Group Provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Governors,
- (q) to establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy, and
- (r) to do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Object

Objectives, strategies and activities

Following consultation of the school's current strategic objectives at the Middle Management meeting on 1st May 2013 the areas outlined below were agreed -

- ✓ Improve still further the quality of teaching and learning to meet the needs of all our pupils
- ✓ To continue to raise standards of progression and attainment across all subjects
- ✓ To further develop leadership and management skills across the school

In addition all departments will pursue the following as priorities for action, with all having a section included in their Action Plan

- ✓ To review and develop departmental content for the school website
- ✓ To improve still further the quality of teaching and learning and raise standards of attainment across all subjects with a specific focus on the development of literacy and numeracy skills
- ✓ To continue to develop the school's Gifted and Talented provision (in particular the number of pupils achieving A*s at GCSE)
- ✓ To review and develop the delivery of PHSCE and SEAL strands through curriculum areas

In addition to the points outlined above the Leadership Team will take responsibility for the areas listed below

- ✓ To further develop the school's learning environment, including the building
- ✓ To further reduce the number of fixed term exclusions
- ✓ To continue to develop whole school and departmental self-evaluation systems in line with Ofsted criteria
- ✓ Further develop feedback to Parents/Carers of student performance, through the use of the SIMS learning gateway
- ✓ To continue to update existing Appraisal and pay policy systems
- ✓ To further refine the school's target setting tracking and intervention systems within Key Stage 3 and to further strengthen the school's systems for the identification, support, monitoring and evaluations of specific pupil groups e.g. Pupil Premium, Service LAC etc
- ✓ To further refine whole school systems to ensure standardisation of school policies
- ✓ To further develop E-Safety protocols and systems

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Group has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

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HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)

Year ended 31 August 2013

Achievements and Performance

The academic standards at the Academy are outstanding. GCSE results have increased consistently over the last 10 years from around 30% including English and Maths to 83% in 2013, the highest in Hurworth's history.

The published school targets for 2013 were as follows -

5 A*-C grades	98%
5 A*-C grades (including Eng and Maths)	87%

The 2013 GCSE results were as follows -

5 A*-C grades	97%
5 A*-C grades (including Eng and Maths)	83%

The published school targets for 2014 are as follows -

5 A*-C grades	98%
5 A*-C grades (including Eng and Maths)	88%

School Results

- ✓ 97% of pupils achieved 5 or more A*-C grades (**highest in the school's history**)
- ✓ 83% of this year's cohort attained 5+ A*-C (including Eng & Maths), (**highest in the school's history**)

In the core subjects -

- ✓ Maths - 90% A*-C (**a school record**)
- ✓ English Literature - 100% A*-C (**a school record**)
- ✓ Science (Double Award) 93% A*-C
- ✓ Biology - 94%
- ✓ Chemistry - 98% (**equalling the school record**)
- ✓ Physics - 95%

In the non-core subjects -

- ✓ 100% A*-C in Art (**a school record**)
- ✓ 100% A*-C in Geography (**a school record**)
- ✓ 100% A*-C in Music (**equalling the school record**)
- ✓ 100% A*-C in German & Spanish (**equalling the school record**)
- ✓ 100% A*-C in Health & Social Care (**equalling the school record**)
- ✓ All students passed ICT National Certificate (**equalling the school record**)
- ✓ 100% pass rate in BTEC PE (**equalling the school record**)
- ✓ 100% pass rate in BTEC Science (**equalling the school record**)
- ✓ 97% A*-C in GCSE ICT
- ✓ 96% A*-C in Graphics
- ✓ 94% A*-C in GCSE PE
- ✓ 91% A*-C in Food
- ✓ 88% A*-C in History
- ✓ 88% A*-C in BIS
- ✓ 84% A*-C in French
- ✓ 76% A*-C in RS

HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)

Year ended 31 August 2013

Hurworth had its last full inspection in April 2008 and achieved outstanding overall and outstanding in every separate area assessed. A year later it was inspected for standards of literacy and numeracy and graded outstanding in both. So standards are outstanding in ALL aspects of the *every child matters* agenda, not simply in academic performance.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Group 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 its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

The Academy has only been in operation since April 2011, however in broad terms, the organisation has only ever had one overspend in the 17 years of the current management. And this was only by less than 0.5% of the overall budget.

The Group's revenue position is strong. It operates within budget for existing expenditure and allocated over £100,000 to a fixed asset budget in 2012-13 (comprising grant funding and available unrestricted funds) so that basic need buildings issues could be addressed. A 3 year budget shows the long term financial strength of the Group even though the amount available to transfer into a fixed asset fund to address building/site needs declines over that period.

In 2012/13 the Group won three competitive capital grants bids to the DfE for further basic needs work. One of £110,000 to replace windows, one for £198,000 to upgrade the heating system and one for £139,000 for car park improvement works. Now that these works are complete, the Academy's facilities are significantly improved, but overcrowding will remain an issue.

Financial Review

The majority of the Group's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the year ending 31st August 2013.

The Academy's funding derives mainly from a General Annual Grant which was £3,529,732 for 2012-13. Pupil premium, grants and other sources of income takes the overall restricted general funds income figure up to £4,285,197. Included within this amount is funding of £150,958 from the local authority to manage its secondary autistic resource based provision. This is shown as a restricted fund.

The turnover in the school improvement service subsidiary was £75,873 from delivery of conferences and training. Costs included in the subsidiary were £67,030. The resulting profit of £8,843 was gift aided to the Academy. The subsidiary company ceased trading with effect from 5th December 2012.

Expenditure is dominated by salaries with £3.2 million staff costs recognised in the current year and approximately £3.1 million allocated to salaries in the budget for 2013-14. The Governing Body has a policy of keeping staffing levels lean but rewarding performance through relatively high pay rates, particularly at leadership level. This policy serves the organisation well.

A deficit is recognised through unrestricted funds in the year to 31 August 2013 of £141,083 (2012 surplus of £187,025). The deficit in the year was a result of the completion of planned projects on the school site.

HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)
Year ended 31 August 2013

Financial Review (continued)

As a result of having utilised brought forward capital grants over the last 12 months, the school cash balance at 31 August 2013 has reduced from £1,492,240 to £1,075,526

The Group has in place Financial Policies, Procedures and Regulations

Financial and risk management objectives and policies

The Group faces minimum immediate financial risk. The Academy is very unlikely to experience a fall in roll as long as it maintains its current high level of performance. Cash flow is not a significant risk due to the way the EFA funding comes into the Group as long as movement of monies into deposit accounts is managed intelligently.

The Local Government Pension Scheme deficit is now known. The future service contribution rate is estimated to be 12% and additional annual contributions of £10,392 are payable in the year to 31 August 2014. This is inside budget projections.

Reserves policy

The policy on reserves is to keep unallocated reserves at around 3% of total budget. Free reserves at 31 August 2013 were £265,797 which represents 6% of budgeted income. Long standing accurate budgeting by the current management means that the Governing Body can have confidence that the reserves will not be run down significantly. The Governing Body's policy is to spend as much of the annual budget on the students currently in the Academy as is possible. If further reserves are required beyond the 3% budgeted for over the next 3 years, then the fixed assets budget will be reduced accordingly. Sufficient free reserves are available to meet budgeted expenditure in the coming year. Therefore, essential spending commitments remain safe.

Investment policy

The Group has a relatively large cash balance and management has been investing into safe deposit accounts with current bankers, Lloyds TSB.

HURWORTH SCHOOL LIMITED
GOVERNORS' REPORT (continued)

Year ended 31 August 2013

Plans for Future Periods

These remain constant and centred around the bullet points set out on page 8 of this document. The Group has an extremely detailed Action Plan setting out how it intends to progress these objectives.

The Group's Senior Leadership Team will be taking the following additional objectives to the Governing Body for approval later this year:

- ✓ To further develop the school's learning environment, including the building
- ✓ To further reduce the number of fixed term exclusions
- ✓ To continue to develop whole school and departmental self-evaluation systems in line with Ofsted criteria
- ✓ Further develop feedback to Parents/Carers of student performance, through the use of the SIMS learning gateway
- ✓ To continue to update existing Appraisal and pay policy systems
- ✓ To further refine the school's target setting, tracking and intervention systems within Key Stage 3 and to further strengthen the school's systems for the identification, support, monitoring and evaluations of specific pupil groups e.g. Pupil Premium, Service LAC etc
- ✓ To further refine whole school systems to ensure standardisation of school policies
- ✓ To further develop E-Safety protocols and systems

Auditor

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Body at its meeting on 13 December 2013 and signed on its behalf by



Sam Jameson
Chair

HURWORTH SCHOOL LIMITED**GOVERNANCE STATEMENT****Year ended 31 August 2013****Scope of responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Principal, 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 Hurworth School Limited and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
Mrs S Jameson	4	4
Mr D Judson	4	4
Mr N Rees	4	4
Mr N James	4	4
Mr A Pilkington	4	4
Mrs R Rees	3	4
Mr J Marshall	3	4
Mr K Bernstone	3	4
Mr I Black	3	4
Mr M Jackson	3	4
Mrs S Johnson	3	4
Mr D Bell	2	4
Mr M Deakin	2	4
Mr E Donlan	2	4
Mrs L Gaffney	2	4
Mr N Gawthorpe	2	4
Mr S Pilkington	2	4
Mr J Crawford	1	4
Mr I Holme	1	4
Mr R Coulson	0	4

HURWORTH SCHOOL LIMITED

GOVERNANCE STATEMENT

Year ended 31 August 2013

The Finance and General Purpose Committee is a sub-committee of the main governing body. The Finance Committee has formally met 4 times during the year. Its purpose is to oversee the Group's financial affairs and assist the decision making of the Board of Directors. Attendance at meeting in the year is as follows:

Governor	Meetings attended	Out of possible
Mrs S Johnson	3	4
Mr I Holme	2	4
Mr M Jackson	3	4
Mr K Bernstone	1	4
Mr D Judson	4	4
Mr J Marshall	2	4
Mr N Rees	3	4
Mrs R Rees	3	4
Mr A Pilkington	4	4
Ms L Gaffney	2	4
Mr S Pilkington	0	4
Mr N Gawthorpe	0	1

HURWORTH SCHOOL LIMITED
GOVERNANCE STATEMENT (continued)
Year ended 31 August 2013

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 Group 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 Hurworth School Limited 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 Governing Body has reviewed the key risks to which the Group 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 an effective formal on-going process for identifying, evaluating and managing the Group's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure 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 Ian Black, a Governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an agreed 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.

The RO function has been fully delivered in line with the EFA's requirements, with regard to Hurworth School.

HURWORTH SCHOOL LIMITED
GOVERNANCE STATEMENT (continued)
Year ended 31 August 2013


Review of effectiveness

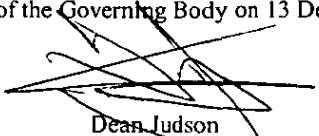
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- The work of the Responsible Officer
- The work of the external auditor
- The work of the executive managers within the Group 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 Finance Committee of the Governing Body on 13 December 2013 and signed on its behalf by


Sam Jameson
Chair



Dean Judson
Accounting Officer

HURWORTH SCHOOL LIMITED
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
Year ended 31 August 2013

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

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

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



Dean Judson
Accounting Officer

13 December 2013

HURWORTH SCHOOL LIMITED
STATEMENT OF GOVERNORS' RESPONSIBILITIES

Year ended 31 August 2013

The Governors (who act as trustees for charitable activities of Hurworth Academy Limited and are also the Governors 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 Academies Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

Approved by order of the members of the Governing Body on 13 December 2013 and signed on its behalf by



Sam Jameson
Chair

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
HURWORTH SCHOOL LIMITED**

We have audited the financial statements of Hurworth School Group Limited ("the financial statements") for the year ended 31 August 2013 which comprise the Group Statement of Financial Activities, the Group and Charitable Company Balance Sheets, the Group Cash Flow Statement, and 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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 governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 18, the Governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 August 2013 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' 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:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company 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.

Baker Tilly UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

1 St James Gate

Newcastle upon Tyne

NE1 4AD

17 December 2013

HURWORTH SCHOOL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account and statement of total recognised gains and losses)

for the Year ended 31 August 2013

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
Incoming resources						
Income from generated funds						
Voluntary income	4	1,426	468,561	14,969	484,956	2,289,790
Activities for generating funds	5	403,414	-	-	403,414	673,923
Investment income	6	5,853	-	-	5,853	5,205
Income from charitable activities						
Academy's educational operations	2	-	3,816,636	-	3,816,636	3,850,573
Total incoming resources		<u>410,693</u>	<u>4,285,197</u>	<u>14,969</u>	<u>4,710,859</u>	<u>6,819,491</u>
Resources expended						
Costs of Generating Funds						
Costs of activities for generating funds	8	341,327	-	-	341,327	472,281
Charitable activities						
Academy's educational operations	9	210,449	4,310,205	185,688	4,706,342	4,422,118
Governance costs	10	-	17,253	-	17,253	19,578
Total resources expended		<u>551,776</u>	<u>4,327,458</u>	<u>185,688</u>	<u>5,064,922</u>	<u>4,913,977</u>
Net (outgoing)/incoming resources before other recognised gains and losses and transfers		<u>(141,083)</u>	<u>(42,261)</u>	<u>(170,719)</u>	<u>(354,063)</u>	<u>1,905,514</u>
Gross transfers between funds	17	-	(17,075)	17,075	-	-
Net (deficit)/income for the year		<u>(141,083)</u>	<u>(59,336)</u>	<u>(153,644)</u>	<u>(354,063)</u>	<u>1,905,514</u>
Other recognised losses						
Actuarial gain/(loss) on defined benefit pension schemes	16	-	10,000	-	10,000	(120,000)
Net movement in funds		<u>(141,083)</u>	<u>(49,336)</u>	<u>(153,644)</u>	<u>(344,063)</u>	<u>1,785,514</u>
Reconciliation of funds						
Total fund balances brought forward at 1 September 2012	17	<u>406,880</u>	<u>(487,038)</u>	<u>9,641,091</u>	<u>9,560,933</u>	<u>7,775,419</u>
Total fund balances carried forward at 31 August 2013	17	<u>265,797</u>	<u>(536,374)</u>	<u>9,487,447</u>	<u>9,216,870</u>	<u>9,560,933</u>

All of the Group's activities are derived from continuing operations during the above two financial periods

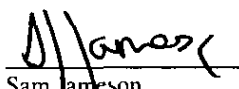
A statement of the total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities

HURWORTH SCHOOL LIMITED (Company Number: 07533271)

BALANCE SHEETS
at 31 August 2013

	Note	Group		Company	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Investments		-	-	1	1
Tangible assets	12	9,293,746	8,074,003	9,293,746	8,074,003
Current assets					
Stock	13	13,959	16,823	13,959	16,823
Debtors	14	226,030	841,872	279,584	898,508
Cash at bank and in hand		1,129,081	1,615,023	1,075,526	1,492,240
		1,369,070	2,473,718	1,369,069	2,407,571
Creditors amounts falling due within one year	15	879,946	477,788	879,946	411,642
Net current assets		489,124	1,995,930	489,123	1,995,929
Total assets less current liabilities (excluding pension liability)		9,782,870	10,069,933	9,782,870	10,069,933
Pension scheme liability	16	(566,000)	(509,000)	(566,000)	(509,000)
Net assets		9,216,870	9,560,933	9,216,870	9,560,933
Total funds of charity					
Restricted fund					
Restricted Fixed Asset fund	17,18	9,487,447	9,641,091	9,487,447	9,641,091
Restricted General fund	17,18	29,626	21,962	29,626	21,962
Pension fund	16	(566,000)	(509,000)	(566,000)	(509,000)
		8,951,073	9,154,053	8,951,073	9,154,053
General fund					
Unrestricted fund	17,18	265,797	406,880	265,797	406,880
Total charity funds		9,216,870	9,560,933	9,216,870	9,560,933

The financial statements on pages 20 to 44 were approved by the Governors and authorised for issue on 13 December 2013 and signed on their behalf by


Sam Jameson
Chair

HURWORTH SCHOOL LIMITED
CONSOLIDATED CASHFLOW STATEMENT
for the Year ended 31 August 2013

	Note	2013	2012
		£	£
Net cash inflow from operating activities	26a	<u>10,090</u>	<u>325,511</u>
Returns on investments and servicing of finance			
Interest received		<u>5,853</u>	<u>5,205</u>
Capital (expenditure)/income			
Capital grants from DfE		764,425	1,027,604
Purchase of tangible fixed assets		<u>(1,266,310)</u>	<u>(445,735)</u>
		<u>(501,885)</u>	<u>581,869</u>
Net (decrease)/increase in cash		<u>(485,942)</u>	<u>912,585</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		<u>(485,942)</u>	<u>912,585</u>
Change in net funds			
Net funds at 1 September		<u>1,615,023</u>	<u>702,438</u>
Net funds at 31 August		<u>1,129,081</u>	<u>1,615,023</u>
	At 1 September 2012 £	Cash Flows £	At 31 August 2013 £
Cash at bank and in hand	<u>1,615,023</u>	<u>(485,942)</u>	<u>1,129,081</u>

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

1 ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') Accounting and Reporting by Charities', the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy

The conversion from a state maintained school to an Academy in the prior period, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and was accounted for under the acquisition accounting method. The assets and liabilities transferred on conversion from the maintained school to an Academy were valued at their fair value being a reasonable estimate of the current market value that the Governors 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 Hurworth School Limited. The amounts were recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted and restricted general funds.

Going Concern

After reviewing financial and other information available, the Governors consider that the Group 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.

Consolidation

The group financial statements consolidate those of the company and its subsidiary undertaking, Hurworth School Improvement Service Limited, over which it exercises control. These financial statements are drawn up to 31 August 2013. Profits or losses on intra-group transactions are eliminated in full.

Incoming resources

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

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. The general annual grant (the GAG) from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the year in which they are receivable to the extent the conditions of funding have been met. 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.

Donations

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

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

1 ACCOUNTING POLICIES (continued)

Other income

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

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits

Resources expended

All expenditure is recognised in the year 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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred on the Academy Trust's educational operations.

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

All resources expended are inclusive of any irrecoverable VAT.

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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

Freehold buildings	2% pa straight line
Fixtures, fittings and equipment	20% pa reducing balance
Motor Vehicles	25% pa straight line
ICT computer equipment	33% pa straight line

Assets in the course of construction are included at cost Depreciation on these assets is not charged until they are brought into use

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

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 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 income or capital gains received within categories covered by Chapter 3 Part 11 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

Leased assets

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

Stock

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

Pensions 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 Trust

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 16, 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

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

2 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Restricted fixed assets fund £	2013 Total £	2012 Total £
DfE/EFA REVENUE GRANTS					
General annual grant (GAG) (note 3)	-	3,529,732	-	3,529,732	3,602,467
Other DfE grants	-	7,600	-	7,600	7,600
	-	3,537,332	-	3,537,332	3,610,067
OTHER GOVERNMENT GRANTS					
Pupil premium	-	85,470	-	85,470	39,988
SEN income	-	150,958	-	150,958	175,055
Other Government Funding	-	42,876	-	42,876	25,463
	-	279,304	-	279,304	240,506
	-	3,816,636	-	3,816,636	3,850,573

3 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of state, the academy trust was subject to a limit at 31 August 2012 on the amount of GAG that could be carried forward one year to the next. The funding agreement no longer contains limits on the GAG available to carry forward.

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

4 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset fund £	2013 Total £	2012 Total £
EFA capital grant	-	447,673	14,969	462,642	15,104
Donation from Council	-	-	-	-	480,000
Capital donations	-	-	-	-	1,761,956
Other income and donations	1,426	20,888	-	22,314	32,730
	<u>1,426</u>	<u>468,561</u>	<u>14,969</u>	<u>484,956</u>	<u>2,289,790</u>

5 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2013 Total £	2012 Total £
Conference and training	75,873	-	75,873	261,473
School improvement service grant income	-	-	-	89,324
Catering income	175,528	-	175,528	145,645
School trips	107,290	-	107,290	147,933
Miscellaneous income	44,723	-	44,723	29,548
	<u>403,414</u>	<u>-</u>	<u>403,414</u>	<u>673,923</u>

6 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2013 Total £	2012 Total £
Bank interest	5,853	-	5,853	5,205
	<u>5,853</u>	<u>-</u>	<u>5,853</u>	<u>5,205</u>

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

7 RESOURCES EXPENDED

	Staff Costs £	Premises Costs £	Other £	Total 2013 £	Total 2012 £
Cost of activities for generating funds	-	-	341,327	341,327	472,281
Academy's Educational Operations					
Direct costs	2,949,947	185,688	192,303	3,327,938	3,279,804
Allocated support costs	222,671	1,015,439	140,294	1,378,404	1,142,314
Governance including allocated support	-	-	17,253	17,253	19,578
	<u>3,172,618</u>	<u>1,201,127</u>	<u>691,177</u>	<u>5,064,922</u>	<u>4,913,977</u>

Net (outgoing)/incoming resources for the year is stated after deducting	2013 £	2012 £
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Fees payable to Baker Tilly UK Audit LLP and its associates for

- audit	11,800	10,000
- other services	3,630	8,870

Operating lease costs	<u>8,690</u>	<u>8,129</u>
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8 COST OF GENERATING FUNDS

	Unrestricted Funds £	Restricted General Funds £	2013 £	2012 £
Conferences and training	67,030	-	67,030	114,688
Grant related expenditure	-	-	-	89,324
Catering	101,944	-	101,944	92,274
School trips	126,509	-	126,509	145,747
Miscellaneous expenditure	39,248	-	39,248	30,248
Security and transport	6,596	-	6,596	-
	<u>341,327</u>	<u>-</u>	<u>341,327</u>	<u>472,281</u>

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

9 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	2013	2012
	£	£	£	£	£
Direct costs					
Teaching and education support staff costs	-	2,949,947	-	2,949,947	2,854,279
Depreciation	-	-	185,688	185,688	172,332
Educational supplies	-	134,749	-	134,749	166,387
Examination fees	-	36,090	-	36,090	62,512
Staff development	-	21,464	-	21,464	23,530
Other direct costs	-	-	-	-	764
Total direct costs	<u>-</u>	<u>3,142,250</u>	<u>185,688</u>	<u>3,327,938</u>	<u>3,279,804</u>
Allocated support costs					
Personnel Costs					
Support staff costs	73,584	149,087	-	222,671	215,057
Recruitment	-	17,699	-	17,699	8,102
	<u>73,584</u>	<u>166,786</u>	<u>-</u>	<u>240,370</u>	<u>223,159</u>
Establishment Expenses					
Maintenance of premises & equipment	136,865	800,609	-	937,474	679,036
Rent & rates	-	43,334	-	43,334	40,017
Insurance	-	34,631	-	34,631	29,967
	<u>136,865</u>	<u>878,574</u>	<u>-</u>	<u>1,015,439</u>	<u>749,020</u>
General Expenses					
Cleaning	-	1,502	-	1,502	2,573
FRS 17 finance costs	-	18,000	-	18,000	17,000
Service level agreements	-	63,986	-	63,986	100,390
Other support costs	-	39,107	-	39,107	50,172
	<u>-</u>	<u>122,595</u>	<u>-</u>	<u>122,595</u>	<u>170,135</u>
Total allocated support costs	<u>210,449</u>	<u>1,167,955</u>	<u>-</u>	<u>1,378,404</u>	<u>1,142,314</u>
Total costs	<u>210,449</u>	<u>4,310,205</u>	<u>185,688</u>	<u>4,706,342</u>	<u>4,422,118</u>

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

10 GOVERNANCE COSTS

	2013 £	2012 £
Audit fees	11,800	10,000
Accountancy fees	3,630	8,870
Legal and professional	1,823	708
	<u>17,253</u>	<u>19,578</u>

11 STAFF COSTS

	2013 £	2012 £
Staff costs during the year were		
Wages and salaries	2,449,496	2,442,410
Social security costs	192,034	197,245
Pension costs	367,242	322,279
	<u>3,008,772</u>	<u>2,961,934</u>
Supply teacher costs	155,846	107,402
Compensation payments	8,000	-
	<u>3,172,618</u>	<u>3,069,336</u>

The average number of persons (including senior management team) employed by the Group during the year ended 31 August 2013 was as follows

	2013 No	2012 No
Teachers	34	33
Administration and support	42	41
Management	8	9
	<u>84</u>	<u>83</u>

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

	2013 No	2012 No
£60,001 - £70 000	1	1
£100,001 - £110 000	1	1
£110 001 - £120,000	-	1
	<u>-</u>	<u>1</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £23,832 (2012: £37,814)

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

11 STAFF COSTS (continued)

GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff Governors and not in respect of their services as Governors. Other Governors did not receive any payments from the Group in respect of their role as Governors.

The value of the Principal's and Governors' remuneration was

Principal	£105,000 - £110,000 (2012: £100,000 - £105,000)
Governors employed by the school	£115,000 - £120,000 (2012: £95,000 - £100,000)

The Principal is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £15,191 (2012: £14,418). The staff Governors are accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £13,889 (2012: £12,080).

During the year ended 31 August 2013, travel and subsistence expenses totalling £nil (2012: £nil) were reimbursed to Governors.

Related party transactions involving the trustees are set out in note 23.

GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Group has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Group business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £195 (2012: £257).

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

12 TANGIBLE FIXED ASSETS

Group and Company

	Land & Buildings £	Assets under construction £	Equipment, fixtures & fittings £	Motor Vehicles £	Total £
Cost					
At 1 July 2012	8,004,197	182,368	116,557	20,081	8,323,203
Additions	-	1,388,356	17,075	-	1,405,431
Transfers	1,570,724	(1,570,724)	-	-	-
At 31 August 2013	<u>9,574,921</u>	<u>-</u>	<u>133,632</u>	<u>20,081</u>	<u>9,728,634</u>
Depreciation					
At 1 July 2012	231,199	-	15,909	2,092	249,200
Charge in year	160,084	-	20,583	5,021	185,688
At 31 August 2013	<u>391,283</u>	<u>-</u>	<u>36,492</u>	<u>7,113</u>	<u>434,888</u>
Net book value					
At 31 August 2013	<u>9,183,638</u>	<u>-</u>	<u>97,140</u>	<u>12,968</u>	<u>9,293,746</u>
At 31 August 2012	<u>7,772,998</u>	<u>182,368</u>	<u>100,648</u>	<u>17,989</u>	<u>8,074,003</u>

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

13 STOCK

	Group		Company	
	At 31 August 2013	At 31 August 2012	At 31 August 2013	At 31 August 2012
	£	£	£	£
Clothing	10,713	14,290	10,713	14,290
Catering	3,246	2,533	3,246	2,533
	<u>13,959</u>	<u>16,823</u>	<u>13,959</u>	<u>16,823</u>

14 DEBTORS

	Group		Company	
	At 31 August 2013	At 31 August 2012	At 31 August 2013	At 31 August 2012
		£		
Intercompany balance	-	-	53,554	79,035
Trade debtors	-	-	-	-
Prepayments and accrued income	133,022	768,047	133,022	768,047
Sundry debtors	93,008	73,825	93,008	51,426
	<u>226,030</u>	<u>841,872</u>	<u>279,584</u>	<u>898,508</u>

Prepayments and accrued income include £101,745 (2012 £749,456) in respect of capital funding to be received in relation to the capital maintenance grants

15 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	At August 2013	At 31 August 2012	At 31 August 2013	At 31 August 2012
		£		
Trade creditors	366,982	96,715	366,982	77,024
Accruals and deferred income	411,195	277,893	411,195	231,438
Other tax and social security	101,769	103,180	101,769	103,180
	<u>879,946</u>	<u>477,788</u>	<u>879,946</u>	<u>411,642</u>

	At 31 August 2013	At 31 August 2012
	£	£
Accruals and deferred income comprises		
Deferred income at 1 September 2012	129,955	125,344
Amount released from previous year	(129,955)	(125,344)
Incoming resources deferred in the year	68,379	129,955
Deferred income at 31 August 2013	<u>68,379</u>	<u>129,955</u>
Accruals	<u>342,816</u>	<u>147,938</u>
Total accruals and deferred income	<u>411,195</u>	<u>277,893</u>

£68,379 (2012 £102,115) of the income deferred relates to SEN funding received in advance of entitlement

£nil (2012 £27,840) of the income deferred relates to capital funding received in advance of entitlement

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

16 PENSIONS AND SIMILAR OBLIGATIONS

The Group'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 Durham County Council. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school in the prior year and new employees who were eligible to and did join the Scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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 £41,455 (2012: £38,760) were payable to the schemes at 31 August 2013 and are included within creditors.

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.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ('TPS') is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions 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.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ('GA') using normal actuarial principles conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. 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, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

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

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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%.

Employer and employee contribution rates

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.

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.

The pension costs paid to TPS in the year amounted to £236,479 (2012: £234,989).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £118,000 (2012 £98,000), of which employer's contributions totalled £82,000 (2012 £68,000) and employees' contribution totalled £36,000 (2012 £30,000). The agreed rates for future years are 12% per cent for employers.

Principal actuarial assumptions

	2013	2012
	%	%
Rate of increase in salaries	4.7	4.7
Rate of increase for pensions in payment	2.8	2.2
Discount rate	4.5	4.2
Inflation (CPI)	2.8	2.2

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

	2013	2012
Retiring today		
Males	22.1	22.0
Females	24.3	24.1
Retiring in 20 years		
Males	23.9	23.8
Females	26.2	26.1

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	7.9	341,653	7.5	246,000
Property	7.4	44,870	7.0	33,000
Government bonds	3.4	179,480	2.5	139,000
Corporate bonds	4.1	60,254	3.2	52,000
Cash	0.9	14,743	1.3	6,000
TOTAL MARKET VALUE OF ASSETS		<u>641,000</u>		<u>476,000</u>
Present value of scheme liabilities - Funded		<u>(1,207,000)</u>		<u>(985,000)</u>
DEFICIT IN THE SCHEME		<u><u>(566,000)</u></u>		<u><u>(509,000)</u></u>

The actual return on scheme assets was a gain of £48,000 (2012: £32,000)

Hurworth School Limited employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2013.

Amounts recognised in the statement of financial activities	2013 £	2012 £
Current service cost	131,000	91,000
Total operating charge	<u>131,000</u>	<u>91,000</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(27,000)	(23,000)
Interest on pension liabilities	45,000	40,000
Pension finance costs	<u>18,000</u>	<u>17,000</u>

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year are recognised in the SOFA

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is a loss of £126 000 (2012 loss of £136,000)

Movements in the present value of defined benefit obligations were as follows	2013 £	2012 £
Opening defined benefit obligation	985,000	710,000
Current service cost	131,000	91,000
Interest cost	45,000	40,000
Employee contributions	36,000	30,000
Actuarial loss	11,000	129,000
Benefits paid out	(1,000)	(15,000)
At 31 August	<u>1,207,000</u>	<u>985,000</u>
Movements in the fair value of Group's share of scheme assets		
Opening fair value of scheme assets	476,000	361,000
Expected return on assets	27,000	23,000
Actuarial gain	21,000	9,000
Employer contributions	82,000	68,000
Employee contributions	36,000	30,000
Benefits paid out	(1,000)	(15,000)
At 31 August	<u>641,000</u>	<u>476,000</u>

Employer contributions for the year ended 31 August 2014 are expected to be

- 12% of pensionable pay and,
- Additional contributions of £10,392

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

16 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows

	2013 £	2012 £	2011 £
Present value of defined benefit obligations	(1,207,000)	(985,000)	(70,000)
Fair value of share of scheme assets	641,000	476,000	361,000
	<hr/>	<hr/>	<hr/>
Deficit in the scheme	(566,000)	(509,000)	(349,000)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Experience adjustments on share of scheme assets	3.3%	1.9%	4.79%
Amount	21,000	9,000	(17,000)
Experience adjustments on scheme liabilities	0.0%	0.0%	0.0%
Amount	-	-	-

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

17 FUNDS - CONSOLIDATED

	Balance at 31 August 2012 £	Incoming resources £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted General Fund					
General Annual Grant (GAG)	21,962	3,529,732	(3,504,993)	(17,075)	29,626
Pension reserve	(509,000)	-	(67,000)	10,000	(566,000)
	<u>(487,038)</u>	<u>3,529,732</u>	<u>(3,571,993)</u>	<u>(7,075)</u>	<u>(536,374)</u>
SEN Funding	-	150,958	(150,958)	-	-
Pupil Premium funding	-	85,470	(85,470)	-	-
Other Government funding	-	50,476	(50,476)	-	-
Capital maintenance grants	-	447,673	(447,673)	-	-
Other income	-	20,888	(20,888)	-	-
	<u>(487,038)</u>	<u>4,285,197</u>	<u>(4,327,458)</u>	<u>(7,075)</u>	<u>(536,374)</u>
Restricted General Funds					
Restricted Fixed Asset Fund					
Land and building transfer from Council	7,436,692	-	(153,271)	-	7,283,421
Capital grant transferred from Council	95,158	-	(3,067)	-	92,091
Capital grant funding for sports facility	1,749,456	-	-	-	1,749,456
Devolved formula capital funding	34,614	14,969	(5,575)	-	44,008
Other capital funding	12,110	-	(390)	-	11,720
Capital expenditure from GAG	289,050	-	(21,137)	17,075	284,988
Capital expenditure from unrestricted funds	24,011	-	(2,248)	-	21,763
	<u>9,641,091</u>	<u>14,969</u>	<u>(185,688)</u>	<u>17,075</u>	<u>9,487,447</u>
Restricted Fixed Asset Fund					
Total Restricted funds	<u>9,154,053</u>	<u>4,300,166</u>	<u>(4,513,146)</u>	<u>10,000</u>	<u>8,951,073</u>
Total Unrestricted funds	<u>406,880</u>	<u>410,693</u>	<u>(551,776)</u>	<u>-</u>	<u>265,797</u>
Total Funds	<u>9,560,933</u>	<u>4,710,859</u>	<u>(5,064,922)</u>	<u>10,000</u>	<u>9,216,870</u>

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

General Annual Grant

Under the funding agreement with the Secretary of state, the Academy Trust was subject to a limit at 31 August 2012 on the amount of GAG that could be carried forward one year to the next. The funding agreement no longer contains limits on the GAG available to carry forward.

Pension reserve

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

Land & Building transfer

This balance is the main school premises to be depreciated over the remaining useful economic life of the building.

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

17 FUNDS - CONSOLIDATED (continued)

Capital funding from the Council

The income related to capital funding which was received from Darlington Borough Council for utilisation on building improvements and refurbishments. This funding was utilised on work during the year ended 31 August 2012.

Capital funding for Sports Facility

Capital funding for the Sports Facility was awarded in the prior year by Darlington Borough Council. At the year end, £178,731 of the £1,749,456 funding received remained unspent and is committed at the year end.

Devolved formula capital funding

Capital funding has been received from the DfE for utilisation on building improvements and refurbishments.

Capital expenditure from GAG

The balance represents the total capital expenditure from the GAG. Depreciation is charged to the fund over the life of the related assets.

Capital expenditure from Unrestricted Funds

The balance represents the total capital expenditure from the unrestricted reserve. Depreciation is charged to the fund over the life of the related assets.

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

18 FUNDS - SCHOOL

	Balance at 31 August 2012 £	Incoming resources £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted General Fund					
General Annual Grant (GAG)	21,962	3,529,732	(3,504,993)	(17,075)	29,626
Pension reserve	(509,000)	-	(67,000)	10,000	(566,000)
	<u>(487,038)</u>	<u>3,529,732</u>	<u>(3,571,993)</u>	<u>(7,075)</u>	<u>(536,374)</u>
SEN Funding	-	150,958	(150,958)	-	-
Pupil Premium funding	-	85,470	(85,470)	-	-
Other Government funding	-	50,476	(50,476)	-	-
Capital maintenance grants	-	447,673	(447,673)	-	-
Other income	-	20,888	(20,888)	-	-
	<u>(487,038)</u>	<u>4,285,197</u>	<u>(4,327,458)</u>	<u>(7,075)</u>	<u>(536,374)</u>
Restricted General Funds					
Restricted Fixed Asset Fund					
Land and building transfer from Council	7,436,692	-	(153,271)	-	7,283,421
Capital grant transferred from Council	95,158	-	(3,067)	-	92,091
Capital grant funding for sports facility	1,749,456	-	-	-	1,749,456
Devolved formula capital funding	34,614	14,969	(5,575)	-	44,008
Other capital funding	12,110	-	(390)	-	11,720
Capital expenditure from GAG	289,050	-	(21,137)	17,075	284,988
Capital expenditure from unrestricted funds	24,011	-	(2,248)	-	21,763
	<u>9,641,091</u>	<u>14,969</u>	<u>(185,688)</u>	<u>17,075</u>	<u>9,487,447</u>
Restricted Fixed Asset Fund					
Total Restricted funds	<u>9,154,053</u>	<u>4,300,166</u>	<u>(4,513,146)</u>	<u>10,000</u>	<u>8,951,073</u>
Total Unrestricted funds	<u>406,880</u>	<u>440,058</u>	<u>(581,141)</u>	<u>-</u>	<u>265,797</u>
Total Funds	<u>9,560,933</u>	<u>4,740,224</u>	<u>(5,094,287)</u>	<u>10,000</u>	<u>9,216,870</u>

The Academy has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The Academy's deficit for the year was £344,063 (2012 surplus of £1,785,514)

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2013 £	Total 2012 £
Tangible fixed assets	-	-	9,293,746	9,293,746	8,074,003
Current assets	265,797	715,960	387,313	1,369,070	2,473,718
Current liabilities	-	(686,334)	(193,612)	(879,946)	(477,788)
Pension liability	-	(566,000)	-	(566,000)	(509,000)
Total net assets	<u>265,797</u>	<u>(536,374)</u>	<u>9,487,447</u>	<u>9,216,870</u>	<u>9,560,933</u>

20 CAPITAL COMMITMENTS

	Total 2013 £	Total 2012 £
Contracted for but not provided for in the financial statements	178,731	1,369,442
	<u>178,731</u>	<u>1,369,442</u>

21 OPERATING LEASES

At 31 August the Group had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Other		
Expiring within one year	2,040	-
Expiring within two and five years inclusive	12,825	8,129
	<u>14,865</u>	<u>8,129</u>

22 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members

23 RELATED PARTY TRANSACTIONS

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

In the director's opinion the subsidiary company, Hurworth School Improvement Service Limited is controlled by Hurworth School Limited by virtue of ownership of the 100% of the issued share capital.

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

23 RELATED PARTY TRANSACTIONS (continued)

During the year the company had the following transactions with related parties

During the period Hurworth School Improvement Service Limited incurred costs from Hurworth School Limited amounting to £20,673 (2012 £101,978) Gift aid was also payable to Hurworth School Limited of £8,843 (2012 £23,773)

As at the 31 August 2013 the Hurworth School Improvement Service Limited owed £53,554 (2012 £79,035) to Hurworth School Limited

Purchases relating to fees in respect of school improvement work carried out by Working Solutions, an organisation owned and operated by the former Chief Executive of Hurworth School Improvement Service Limited and Hurworth School Limited are recognised for the following amounts

- £nil purchases recognised in Hurworth School Limited (entity only) (2012 £23,169)
- £8,196 purchases recognised in Hurworth School Improvement Service Limited and the consolidated financial statements (2012 £31,017)
- At the year end, £nil was owed by Hurworth School Improvement Service Limited to Working Solutions (2012 £9,224)

Purchases relating to fees in respect of school improvement work carried out by School Improvement Solutions, an organisation owned and operated by the former Chief Executive of Hurworth School Improvement Service Limited and Hurworth School Limited are recognised for the following amounts

- £nil purchases recognised in Hurworth School Improvement Service Limited and the consolidated financial statements (2012 £750)
- At the year end, £nil was owed by Hurworth School Improvement Service Limited to School Improvement Solutions (2012 £nil)

24 CONTINGENT LIABILITIES

In the event that during the year of the funding agreement, the Group sells or disposes of any asset for which a capital grant was received, the Group shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Group for its charitable purposes

25 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 member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for debts and liabilities contracted before he/she ceases to be a member

HURWORTH SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year ended 31 August 2013

26a RECONCILIATION OF NET INCOME AND NET CASHFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Net (deficit)/surplus	(354,063)	1,905,514
Depreciation	185,688	172,332
Interest receivable	(5,853)	(5,205)
FRS 17 – Finance and staff costs	67,000	40,000
Decrease/(increase) in stock	2,864	(1,710)
(Increase)/decrease in debtors (excluding accrued capital income)	(133,614)	35,522
Increase/(decrease) in creditors (excluding deferred capital expenditure)	263,037	(43,882)
Capital grants (including accrued capital income)	(14,969)	(1,777,060)
	<u>10,090</u>	<u>325,511</u>

27 SUBSIDIARY

The Academy set up a subsidiary company which was incorporated on 26 October 2011, to trade in school improvement services. The company, Hurworth School Improvement Service Limited, has a company number of 07824458. An investment of £1 exists in the subsidiary company, as included on the entity balance sheet.

The Academy's former Chief Executive managed the subsidiary company and entered into partnerships for the purpose of delivering some of these services. All profits from the subsidiary company are donated to the Academy via a gift aid payment.

During the year ended 31 August 2013, profits of £8,843 (2012 £23,773) were generated and gift aided to Hurworth School. At 31 August 2013 an amount of £53,554 (2012 £79,035) was owed from Hurworth School Improvement Service Limited to Hurworth School, as included within note 14. The subsidiary company ceased to trade on 5 December 2012.

At the period end, the subsidiary held aggregate assets of £53,555 (2012 £145,181), aggregate liabilities of £53,554 (2012 £145,180) and total funds of £1.

