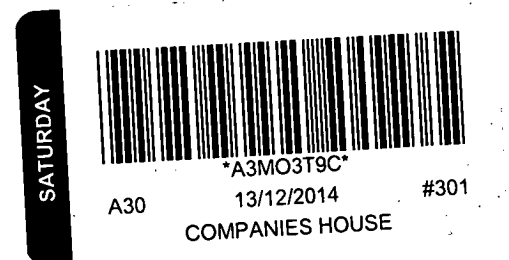


**HURWORTH SCHOOL LIMITED**  
(a company limited by guarantee)  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2014**



**HURWORTH SCHOOL LIMITED**

**COMPANY INFORMATION**

**Year ended 31 August 2014**

Governors (Trustees)	D Bell K D Bernstone* I Black* (resigned 28 March 2014) J A S Crawford (resigned 28 March 2014) N Gawthorpe* E M Donlan L Gaffney* I D Holme* M S Jackson* N A James (resigned 28 March 2014) S Jameson S Johnson* D Judson* J E Marshall* A Pilkington* S J Pilkington* N Rees* R Rees* F Holmes (appointed 4 July 2014) L Johnson (appointed 4 July 2014) D Tweddall (appointed 28 March 2014) J Stansfield (appointed 4 July 2014) J Hodgson (appointed 28 March 2014)
* Members of the Finance and General Purpose Committee	
Company Secretary	W B Company Secretaries Limited
Senior Management Team:	
Principal	D Judson
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, Skinnergate, Darlington, DL3 7ND
Solicitors	Watson Burton, 1 St James' Gate, Newcastle upon Tyne, NE99 1YQ

**HURWORTH SCHOOL LIMITED**

**GOVERNORS' REPORT**

**Year ended 31 August 2014**

The Governors present their report together with the financial statements and auditor's report of the charitable company for period 1 September 2013 to 31 August 2014. The annual report serves the purpose of both a trustees' report, and a director's report under company law.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

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 subsidiary 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 Company'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 Company. 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.

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**

Year ended 31 August 2014

**Method of recruitment and appointment or election of Governors**

As set out in the articles and funding agreement:-

The Company 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 Company are:-

S Jameson  
I Black resigned 28<sup>th</sup> March 2014.  
N Rees  
K Bernstone appointed 28<sup>th</sup> March 2014  
J Marshall appointed 28<sup>th</sup> March 2014

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 Company 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.

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**  
**Year ended 31 August 2014**

**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 Company as a Co-opted Governor if thereby the number of Governors who are employees of the Company 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 Company 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 Company has a Service Level Agreement with Darlington LA for this purpose.

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**

**Year ended 31 August 2014**

Organisational structure

The Company's Principal is the Accounting Officer. His main task is to execute the policies agreed by the Company 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 Company'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 six Assistant Heads supported the Principal in managing the Company during the year. So while the Governing Body set the overall policies of the Company, 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.

The Governing Body ensure good governance of the Company 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 the Responsible Officer.

Risk management

A review identifying the major risks, to which the Company is exposed, as identified by the Governors, is undertaken annually, and systems or procedures established to manage those risks. The Company has conducted a review and updated the risk register which was discussed and approved by the Finance Committee on the 26<sup>th</sup> June 2014.

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 were donated to the Academy. The Academy's Principal managed the subsidiary company. The subsidiary company's Board of Directors (all of whom are Academy Governors) were 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 prior year and was dissolved in the current year.

The following related party transaction took place in the period of account:

- R Rees, a Governor, received £11,994 in relation to supply teaching services.

Objectives and Activities

The Company 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.

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

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**

**Year ended 31 August 2014**

Objects and aims

In furtherance of the "Object" identified on page 6 of this document (Principal Activities) the Company 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 Company;
- (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 Company the costs, charges and expenses of and incidental to the formation and registration of the Company;
- (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 Company 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 Company to borrow and raise money for the furtherance of the Object in such manner and on such security as the Company may think fit;
- (m) to deposit or invest any funds of the Company 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 Company 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;

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**  
**Year ended 31 August 2014**

Objects and aims (continued)

- (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 Company: 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**

Hurworth School is a successful school which is consistently oversubscribed. The school prides itself on its pastoral care (the school's ethos is Achieving Excellence with Care and every decision is made with this in mind) and its first class academic record; a winning combination which resulted in the school being deemed as "outstanding" in all areas of provision in its most recent OFSTED inspection.

The school's aim is "We believe in the widest possible horizon for learning and aim to achieve the finest 11-16 education to be found anywhere".

The Action Plan 2014-15 whole school and leadership team objectives are:-

- ✓ **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 homework in line with whole school systems**
- ✓ **To utilise ClassCharts software to allow for effective departmental monitoring**
- ✓ **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 SMSC and SEAL strands through curriculum areas**
- ✓ **To develop and review new schemes of work to meet the requirements of the National Curriculum and/or exam board specifications**
- ✓ **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 Company 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.



**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**

Year ended 31 August 2014

**Strategic Report**

Achievements and Performance

The published school targets for 2014 were as follows:-

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

The published school targets for 2015 are as follows:-

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

Pupils achieving Expected Progress in English - 99%  
*National Average 2013 – 69%*

Pupils achieving Exceeding Expected Progress in English – 68%  
*National Average 2013 – 30%*

Pupils achieving Expected Progress in Maths – 100%  
*National Average 2013 – 70%*

Pupils achieving Exceeding Expected Progress in Maths – 76%  
*National Average 2013 – 32%*

**English**

Year	Expected Progress	Exceeding Expected Progress
2013	86%	40%
2014	81%	43%
National Average for 2013 (please note that the figure for 2014 is not yet available)		
	69%	30%

**Maths**

Year	Expected Progress	Exceeding Expected Progress
2013	86%	39%
2014	81%	45%
National Average for 2013 (please note that the figure for 2014 is not yet available)		
	70%	32%

**In the core subjects:-**

- Maths - 85% A\*-C
- English Language 82% A\*-C (this figure is currently subject to an appeal)
- English Literature - 95% A\*-C
- Science (Double Award) - 92% A\*-C
- Core Science - 87%
- BTEC Science - 100%

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**

Year ended 31 August 2014

Achievements and Performance (continued)

**In the non-core subjects:-**

- 100% A\*-C in Music (equalling the school record)
- 100% A\*-C in Drama (equalling the school record)
- 100% A\*-C in Spanish (equalling the school record)
- 100% passed ICT National Certificate, BTEC PE (equalling the school record)
- 97% A\*-C in Art
- 96% A\*-C in Health & Social Care
- 93% A\*-C in Graphics
- 92% A\*-C in German
- 92% A\*-C in PE
- 88% A\*-C in French
- 88% A\*-C in History
- 84% A\*-C in BIS
- 83% A\*-C in Geography
- 83% A\*-C in Catering
- 77% A\*-C in RS
- 71% A\*-C in RM

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.

**Going concern**

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Company 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 18 years of the current management. And this was only by less than 0.5% of the overall budget.

The Company's revenue position is strong. A 3 year budget shows the long term financial strength of the Company even though the amount available to transfer into a fixed asset fund to address building/site needs declines over that period.

With the completion of the recent capital grant bids the Academy's facilities are significantly improved, but overcrowding is an issue as is the on-going programme of asbestos removal.

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**  
**Year ended 31 August 2014**

**Financial Review**

The majority of the Company'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 31<sup>st</sup> August 2014.

The Academy's funding derives mainly from a General Annual Grant which was £3,420,902 for 2013-14. Pupil premium, grants and other sources of income takes the overall restricted general funds income figure up to £3,887,011. Included within this amount is funding of £282,696 from the local authority to manage its secondary autistic resource based provision. This is shown as a restricted fund.

Expenditure is dominated by salaries with £3.0 million staff costs recognised in the current year and approximately £3.2 million allocated to salaries in the budget for 2014-15. 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 2014 of £9,231 (2013: £141,083). The deficit in the prior year was a result of the completion of planned projects on the school site.

As a result of having utilised brought forward capital grants over the last 12 months, the school cash balance at 31 August 2014 has reduced from £1,075,526 to £782,353.

The Company has in place Financial Policies, Procedures and Regulations.

**Financial and risk management objectives and policies**

The Company 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 Company 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 12.4% and additional annual contributions of £9,221 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 2014 were £256,566 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.

**Principal risks and uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from either changes in the funding formula used by the EFA or variations in pupil numbers. In addition the Academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy balance sheet.

**Investment policy**

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

**HURWORTH SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**  
**Year ended 31 August 2014**

Plans for Future Periods

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

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

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 Parental and 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. Disadvantaged (Pupil Premium), Service LAC etc

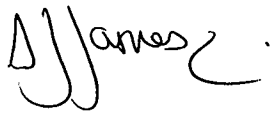
**Auditor**

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 5 December 2014 and signed on its behalf by:



Sam Jameson  
Chair

**HURWORTH SCHOOL LIMITED****GOVERNANCE STATEMENT****Year ended 31 August 2014****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 3 times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mrs S Jameson	3	3
Mr D Judson	3	3
Mr N Rees	2	3
Mr N James (resigned 28 March 2014)	1	2
Mr A Pilkington	3	3
Mrs R Rees	0	3
Mr J Marshall	1	3
Mr K Bernstone	0	3
Mr I Black (resigned 28 March 2014)	1	2
Mr M Jackson	1	3
Mrs S Johnson	3	3
Mr D Bell	2	3
Mr M Deakin	0	0
Mr E Donlan	1	3
Mrs L Gaffney	1	3
Mr N Gawthorpe	2	3
Mr S Pilkington	0	3
Mr J Crawford (resigned 28 March 2014)	0	2
Mr I Holme	1	3
Mr R Coulson	0	0
Ms D Tweddall (appointed 28 March 2014)	1	1
Ms F Holmes (appointed 4 July 2014)	0	0
Ms L Johnson (appointed 4 July 2014)	1	1
Mr J Stansfield (appointed 4 July 2014)	0	0
Ms J Hodgson (appointed 28 March 2014)	2	2

**Governance review**

The governance review will take place in academic year 2014/15.

**HURWORTH SCHOOL LIMITED**

**GOVERNANCE STATEMENT**

**Year ended 31 August 2014**

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 Company's financial affairs and assist the decision making of the Board of Directors. Attendance at meeting in the year is as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mrs S Johnson	4	4
Mr I Holme	2	4
Mr M Jackson	2	4
Mr K Bernstone	2	4
Mr D Judson	4	4
Mr J Marshall	4	4
Mr N Rees	4	4
Mrs R Rees	4	4
Mr A Pilkington	4	4
Ms L Gaffney	1	4
Mr S Pilkington	0	4
Mr N Gawthorpe	0	4
Mr I Black (resigned 28 March 2014)	2	3

**HURWORTH SCHOOL LIMITED**  
**GOVERNANCE STATEMENT (continued)**

**Year ended 31 August 2014**

**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 Company 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 2014 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 Company 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 Company's significant risks that has been in place for the year ending 31 August 2014 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 Company'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 Nick Rees, 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 regards to Hurworth School.

**HURWORTH SCHOOL LIMITED**  
**GOVERNANCE STATEMENT (continued)**  
**Year ended 31 August 2014**

**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 Company 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 5 December 2014 and signed on its behalf by:



Sam Jameson  
Chair



Dean Hudson  
Accounting Officer




**HURWORTH SCHOOL LIMITED**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

**Year ended 31 August 2014**

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. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.



**Dean Judson**  
**Accounting Officer**

5 December 2014

**HURWORTH SCHOOL LIMITED**  
**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**Year ended 31 August 2014**

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 5 December 2014 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 Limited for the year ended 31 August 2014 on pages 20 to 41. 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 to 2014 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/auditscopeukprivate>

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 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 and the incorporated Strategic 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 charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Baker Tilly UK Audit LLP*

CLAIRE LEECE (Senior Statutory Auditor)

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

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

*8/12/14*

**HURWORTH SCHOOL LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**

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

for the Year ended 31 August 2014

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
<b>Incoming resources</b>						
Income from generated funds						
Voluntary income	4	3,677	23,661	15,002	42,340	493,799
Activities for generating funds	5	376,385	-	-	376,385	348,063
Investment income	6	929	-	-	929	5,853
Income from charitable activities						
Academy's educational operations	2	-	3,863,350	-	3,863,350	3,816,636
<b>Total incoming resources</b>		<u>380,991</u>	<u>3,887,011</u>	<u>15,002</u>	<u>4,283,004</u>	<u>4,664,351</u>
<b>Resources expended</b>						
Costs of Generating Funds						
Costs of activities for generating funds	8	302,903	-	-	302,903	274,297
Charitable activities						
Academy's educational operations	9	87,319	3,772,472	219,361	4,079,152	4,726,864
Governance costs	10	-	21,250	-	21,250	17,253
<b>Total resources expended</b>		<u>390,222</u>	<u>3,793,722</u>	<u>219,361</u>	<u>4,403,305</u>	<u>5,018,414</u>
<b>Net (outgoing)/incoming resources before transfers</b>		(9,231)	93,289	(204,359)	(120,301)	(354,063)
Gross transfers between funds	17	-	8,975	(8,975)	-	-
<b>Net income/(expenditure) for the year</b>		<u>(9,231)</u>	<u>102,264</u>	<u>(213,334)</u>	<u>(120,301)</u>	<u>(354,063)</u>
<b>Other recognised gains and losses</b>						
Actuarial gain/(loss) on defined benefit pension schemes	16	-	96,000	-	96,000	10,000
<b>Net movement in funds</b>		<u>(9,231)</u>	<u>198,264</u>	<u>(213,334)</u>	<u>(24,301)</u>	<u>(344,063)</u>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 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>
<b>Total fund balances carried forward at 31 August 2014</b>	17	<u>256,566</u>	<u>(338,110)</u>	<u>9,274,113</u>	<u>9,192,569</u>	<u>9,216,870</u>

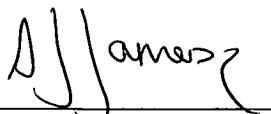
All of the Company's activities are derived from continuing operations during the above two financial periods.

**HURWORTH SCHOOL LIMITED (Company Number: 07533271)**

**BALANCE SHEET**  
**at 31 August 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investments		-	1
Tangible assets	12	9,274,113	9,293,746
		<u>9,274,113</u>	<u>9,293,747</u>
<b>Current assets</b>			
Stock	13	19,622	13,959
Debtors	14	46,358	279,584
Cash at bank and in hand		782,353	1,075,526
		<u>848,333</u>	<u>1,369,069</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	15	(393,877)	(879,946)
<b>Net current assets</b>		<u>454,456</u>	<u>489,123</u>
<b>Total assets less current liabilities (excluding pension liability)</b>		9,728,569	9,782,870
<b>Pension scheme liability</b>	16	(536,000)	(566,000)
<b>Net assets</b>		<u>9,192,569</u>	<u>9,216,870</u>
<b>Total funds of Academy Trust</b>			
<b>Restricted funds</b>			
Restricted Fixed Asset fund	17,18	9,274,113	9,487,447
Restricted General fund	17,18	197,890	29,626
Pension fund	16	(536,000)	(566,000)
<b>Total restricted funds</b>		<u>8,936,003</u>	<u>8,951,073</u>
<b>General fund</b>			
Unrestricted fund	17,18	256,566	265,797
<b>Total charity funds</b>		<u>9,192,569</u>	<u>9,216,870</u>

The financial statements on pages 20 to 41 were approved by the Governors and authorised for issue on 5 December 2014 and signed on their behalf by:

  
 \_\_\_\_\_  
 Sam Jameson  
 Chair

**HURWORTH SCHOOL LIMITED**  
**CASHFLOW STATEMENT**  
for the Year ended 31 August 2014

	Note	2014 £	2013 £
<b>Net cash (outflow)/inflow from operating activities</b>	25	(17,509)	79,318
<b>Returns on investments and servicing of finance</b>			
Interest received		929	5,853
		929	5,853
<b>Capital (expenditure)/income</b>			
Capital grants from DfE		116,747	764,425
Purchase of tangible fixed assets		(393,340)	(1,266,310)
		(276,593)	(501,885)
<b>Net (decrease) in cash</b>		(293,173)	(416,714)
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease) in cash in the year		(293,173)	(416,714)
Change in net funds			
Net funds at 1 September		1,075,526	1,492,240
Net funds at 31 August		782,353	1,075,526
		At 1 September 2013 £	At 31 August 2014 £
Cash at bank and in hand		1,075,526	782,353

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the Year ended 31 August 2014**

**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.

**Going Concern**

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

**Incoming resources**

All incoming resources are recognised when the Company 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Other grants from government agencies and other bodies are recognised in the period 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 2014**

**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 Company'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 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 2014**

**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, 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 2014

**2 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £	Restricted funds £	Restricted fixed assets fund £	2014 Total £	2013 Total £
<b>DfE/EFA REVENUE GRANTS</b>					
General annual grant (GAG) (note 3)	-	3,420,902	-	3,420,902	3,529,732
Other DfE grants	-	-	-	-	7,600
	-	3,420,902	-	3,420,902	3,537,332
<b>OTHER GOVERNMENT GRANTS</b>					
Pupil premium	-	122,823	-	122,823	85,470
SEN income	-	282,696	-	282,696	150,958
Other Government Funding	-	36,929	-	36,929	42,876
	-	442,448	-	442,448	279,304
	-	3,863,350	-	3,863,350	3,816,636

**3 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2014.

**4 VOLUNTARY INCOME**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset fund £	2014 Total £	2013 Total £
EFA capital grant	-	-	15,002	15,002	462,642
Other income and donations	3,677	23,661	-	27,338	22,314
	3,677	23,661	15,002	42,340	484,956

**5 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Conference and training	400	-	400	20,522
Catering income	190,689	-	190,689	175,528
School trips	127,268	-	127,268	107,290
Uniform income	23,515	-	23,515	16,147
Miscellaneous income	34,513	-	34,513	28,576
	376,385	-	376,385	348,063

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**6 INVESTMENT INCOME**

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Bank interest	929	-	929	5,853
	<u>929</u>	<u>-</u>	<u>929</u>	<u>5,853</u>

**7 RESOURCES EXPENDED**

	Staff Costs £	Premises Costs £	Other £	Total 2014 £	Total 2013 £
Cost of activities for generating funds	-	-	302,903	302,903	274,297
Academy's Educational Operations					
Direct costs	2,878,611	219,361	213,332	3,311,304	3,327,938
Allocated support costs	176,229	460,294	131,325	767,848	1,398,926
Governance including allocated support	-	-	21,250	21,250	17,253
	<u>3,054,840</u>	<u>679,655</u>	<u>668,810</u>	<u>4,403,305</u>	<u>5,018,414</u>

Net (outgoing)/incoming resources for the year is stated after deducting:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

Fees payable to Baker Tilly UK Audit LLP and its associates for:

- audit	10,320	11,800
- other services	7,480	3,630
Operating lease costs	<u>14,865</u>	<u>8,690</u>

**8 COST OF GENERATING FUNDS**

	Unrestricted Funds £	Restricted General Funds £	2014 £	2013 £
Catering	103,370	-	103,370	101,944
School trips	120,679	-	120,679	126,509
Security and transport	9,311	-	9,311	6,596
Uniform expenditure	35,088	-	35,088	10,506
Miscellaneous expenditure	34,455	-	34,455	28,742
	<u>302,903</u>	<u>-</u>	<u>302,903</u>	<u>274,297</u>

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**9 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS**

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	2014	2013
	£	£	£	£	£
<b>Direct costs</b>					
Teaching and education support staff costs	87,319	2,791,292	-	2,878,611	2,949,947
Depreciation	-	-	219,361	219,361	185,688
Educational supplies	-	152,737	-	152,737	134,749
Examination fees	-	40,458	-	40,458	36,090
Staff development	-	20,137	-	20,137	21,464
<b>Total direct costs</b>	<u>87,319</u>	<u>3,004,624</u>	<u>219,361</u>	<u>3,311,304</u>	<u>3,327,938</u>
<b>Allocated support costs</b>					
<b>Personnel Costs</b>					
Support staff costs	-	176,229	-	176,229	222,671
Recruitment	-	7,834	-	7,834	17,699
	<u>-</u>	<u>184,063</u>	<u>-</u>	<u>184,063</u>	<u>240,370</u>
<b>Establishment Expenses</b>					
Maintenance of premises & equipment	-	394,909	-	394,909	937,474
Rent & rates	-	30,427	-	30,427	43,334
Insurance	-	34,958	-	34,958	34,631
	<u>-</u>	<u>460,294</u>	<u>-</u>	<u>460,294</u>	<u>1,015,439</u>
<b>General Expenses</b>					
Cleaning	-	1,823	-	1,823	1,502
FRS 17 finance costs	-	18,000	-	18,000	18,000
Service level agreements	-	48,459	-	48,459	63,986
Other support costs	-	55,209	-	55,209	59,629
	<u>-</u>	<u>123,491</u>	<u>-</u>	<u>123,491</u>	<u>143,117</u>
<b>Total allocated support costs</b>	<u>-</u>	<u>767,848</u>	<u>-</u>	<u>767,848</u>	<u>1,398,926</u>
<b>Total direct and support costs</b>	<u>87,319</u>	<u>3,772,472</u>	<u>219,361</u>	<u>4,079,152</u>	<u>4,726,864</u>

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the Year ended 31 August 2014**

**10 GOVERNANCE COSTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration		
Audit of financial statements	10,320	11,800
Other services	7,480	3,630
Legal and professional fees	3,450	1,823
	<u>21,250</u>	<u>17,253</u>

**11 STAFF COSTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Staff costs during the year were:		
Wages and salaries	2,406,166	2,449,496
Social security costs	186,032	192,034
Pension costs	370,547	367,242
	<u>2,962,745</u>	<u>3,008,772</u>
Supply teacher costs	92,095	155,846
Staff restructuring costs	-	8,000
	<u>3,054,840</u>	<u>3,172,618</u>

The average number of persons (including senior management team) employed by the Company during the year ended 31 August 2014 was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Teachers	35	34
Administration and support	42	42
Management	8	8
	<u>85</u>	<u>84</u>

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	-	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>1</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £16,122 (2013: £23,832).

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**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 members and not in respect of their services as Governors. Other Governors did not receive any payments from the Company in respect of their role as Governors.

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

Principal:	£114,694	(2013: £105,000 - £110,000)
Staff Governors:	£100,000 - £105,000	(2013: £100,000 - £105,000)

The Principal is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £16,122 (2013: £15,191). The staff Governors are accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £14,038 (2013: £13,889).

During the year ended 31 August 2014, travel and subsistence expenses totalling £224 (2013: £nil) were reimbursed to Governors.

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

**GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Company has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Company business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £871 (2013: £195).

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

**12 TANGIBLE FIXED ASSETS**

	<b>Land &amp; Buildings £</b>	<b>Equipment, fixtures &amp; fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 July 2013	9,574,921	133,632	20,081	9,728,634
Additions	189,401	10,327	-	199,728
At 31 August 2014	<u>9,764,322</u>	<u>143,959</u>	<u>20,081</u>	<u>9,928,362</u>
<b>Depreciation</b>				
At 1 July 2013	391,283	36,492	7,113	434,888
Charge in year	194,913	19,428	5,020	219,361
At 31 August 2014	<u>586,196</u>	<u>55,920</u>	<u>12,133</u>	<u>654,249</u>
<b>Net book value</b>				
At 31 August 2014	<u>9,178,126</u>	<u>88,039</u>	<u>7,948</u>	<u>9,274,113</u>
At 31 August 2013	<u>9,183,638</u>	<u>97,140</u>	<u>12,968</u>	<u>9,293,746</u>

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**13 STOCK**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Clothing	16,005	10,713
Catering	3,617	3,246
	<u>19,622</u>	<u>13,959</u>

**14 DEBTORS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Intercompany balance (note 26)	-	53,554
Trade debtors	241	-
Prepayments and accrued income	22,541	133,022
Sundry debtors	23,576	93,008
	<u>46,358</u>	<u>279,584</u>

Prepayments and accrued income include £nil (2013: £101,745) in respect of capital funding to be received in relation to the capital maintenance grants.

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>At 31 August 2014</b>	<b>At 31 August 2013</b>
Trade creditors	101,182	366,982
Accruals and deferred income	192,449	411,195
Other tax and social security	100,246	101,769
	<u>393,877</u>	<u>879,946</u>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Accruals and deferred income comprises:</b>		
Deferred income at 1 September 2013	68,379	129,955
Amount released from previous year	(68,379)	(129,955)
Incoming resources deferred in the year	84,771	68,379
Deferred income at 31 August 2014	<u>84,771</u>	<u>68,379</u>
Accruals	<u>107,678</u>	<u>342,816</u>
Total accruals and deferred income	<u>192,449</u>	<u>411,195</u>

£84,771 (2013: £68,379) of the income deferred relates to SEN funding received in advance of entitlement.

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the Year ended 31 August 2014**

**16 PENSIONS AND SIMILAR OBLIGATIONS**

The Company'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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £43,482 (2013: £41,455) were payable to the schemes at 31 August 2014 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 to 31 March 2011, 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 were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement scheme valuations had been suspended since the last valuation in 2004.

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 2014**

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employer cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £237,547 (2013: £236,479).

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 2014

**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 2014 was £123,000 (2013: £118,000), of which employer's contributions totalled £85,000 (2013: £82,000) and employees' contribution totalled £38,000 (2013: £36,000).

Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.6	4.7
Rate of increase for pensions in payment	2.1	2.8
Discount rate	3.7	4.5
Inflation (CPI)	2.1	2.8

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

	2014	2013
Retiring today:		
Males	22.5	22.1
Females	25.0	24.3
Retiring in 20 years:		
Males	24.7	23.9
Females	27.3	26.2

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

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

	Expected return at 31 August 2014	Fair value at 31 August 2014	Expected return at 31 August 2013	Fair value at 31 August 2013
Equities	7.5	483,642	7.9	341,653
Property	6.8	57,618	7.4	44,870
Government bonds	2.9	226,980	3.4	179,480
Corporate bonds	3.3	75,078	4.1	60,254
Cash	1.1	29,682	0.9	14,743
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>873,000</b>		<b>641,000</b>
Present value of scheme liabilities - Funded		(1,409,000)		(1,207,000)
<b>DEFICIT IN THE SCHEME</b>		<b>(536,000)</b>		<b>(566,000)</b>

The actual return on scheme assets was a gain of £112,000 (2013: £48,000).

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 general 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 2014.

Amounts recognised in the statement of financial activities	2014 £	2013 £
Current service cost	133,000	131,000
<b>Total operating charge</b>	<b>133,000</b>	<b>131,000</b>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(40,000)	(27,000)
Interest on pension liabilities	58,000	45,000
<b>Pension finance costs</b>	<b>18,000</b>	<b>18,000</b>

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**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 £30,000 (2013: loss of £126,000).

Movements in the present value of defined benefit obligations were as follows:	2014 £	2013 £
Opening defined benefit obligation	1,207,000	985,000
Current service cost	133,000	131,000
Interest cost	58,000	45,000
Employee contributions	38,000	36,000
Actuarial (gain)/loss	(24,000)	11,000
Benefits paid out	(3,000)	(1,000)
	<hr/>	<hr/>
At 31 August	<u>1,409,000</u>	<u>1,207,000</u>
	<hr/>	<hr/>
Movements in the fair value of Company's share of scheme assets:		
Opening fair value of scheme assets	641,000	476,000
Expected return on assets	40,000	27,000
Actuarial gain	72,000	21,000
Employer contributions	85,000	82,000
Employee contributions	38,000	36,000
Benefits paid out	(3,000)	(1,000)
	<hr/>	<hr/>
At 31 August	<u>873,000</u>	<u>641,000</u>
	<hr/>	<hr/>

Employer contributions for the year ended 31 August 2015 are expected to be:

- 12.4% of pensionable pay and;
- Additional contributions of £9,221.

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**16 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

The history of experience adjustments is as follows:

	2014 £	2013 £	2012 £	2011 £
Present value of defined benefit obligations	(1,409,000)	(1,207,000)	(985,000)	(710,000)
Fair value of share of scheme assets	873,000	641,000	476,000	361,000
	<hr/>	<hr/>	<hr/>	<hr/>
Deficit in the scheme	(536,000)	(566,000)	(509,000)	(349,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Experience adjustments on share of scheme assets:				
Amount	8.2% 72,000	3.3% 21,000	1.9% 9,000	(4.7%) (17,000)
Experience adjustments on scheme liabilities:				
Amount	-2.1% 29,000	0.0% -	0.0% -	0.0% -

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**17 FUNDS**

	Balance at 31 August 2013 £	Incoming resources £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2014 £
<b>Restricted General Fund</b>					
General Annual Grant (GAG)	29,626	3,420,902	(3,278,598)	(2,130)	169,800
Pension reserve	(566,000)	-	(66,000)	96,000	(536,000)
	<u>(536,374)</u>	<u>3,420,902</u>	<u>(3,344,598)</u>	<u>93,870</u>	<u>(366,200)</u>
SEN Funding	-	282,696	(282,696)	-	-
Pupil Premium funding	-	122,823	(94,733)	-	28,090
Other Government funding	-	36,929	(36,929)	-	-
Capital maintenance grants	-	-	(11,105)	11,105	-
Other income	-	23,661	(23,661)	-	-
	<u>(536,374)</u>	<u>3,887,011</u>	<u>(3,793,722)</u>	<u>104,975</u>	<u>(338,110)</u>
<b>Restricted Fixed Asset Fund</b>					
Land and building transfer from Council	7,283,421	-	(168,332)	-	7,115,089
Capital grant transferred from Council	92,091	-	(2,128)	-	89,963
Capital grant funding for sports facility	1,749,456	-	(40,433)	-	1,709,023
Devolved formula capital funding	44,008	15,002	(1,107)	(11,105)	46,798
Other capital funding	11,720	-	(271)	-	11,449
Capital expenditure from GAG	284,988	-	(6,587)	2,130	280,531
Capital expenditure from unrestricted funds	21,763	-	(503)	-	21,260
	<u>9,487,447</u>	<u>15,002</u>	<u>(219,361)</u>	<u>(8,975)</u>	<u>9,274,113</u>
<b>Restricted Fixed Asset Fund</b>					
	<u>9,487,447</u>	<u>15,002</u>	<u>(219,361)</u>	<u>(8,975)</u>	<u>9,274,113</u>
<b>Total Restricted funds</b>	<u>8,951,073</u>	<u>3,902,013</u>	<u>(4,013,083)</u>	<u>96,000</u>	<u>8,936,003</u>
<b>Total Unrestricted funds</b>	<u>265,797</u>	<u>380,991</u>	<u>(390,222)</u>	<u>-</u>	<u>256,566</u>
<b>Total Funds</b>	<u>9,216,870</u>	<u>4,283,004</u>	<u>(4,403,305)</u>	<u>96,000</u>	<u>9,192,569</u>

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

**General Annual Grant**

General Annual Grant must be used for the normal running costs of the Academy. The Academy Trust is not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

**Pupil premium**

Pupil premium funding is targeted at disadvantaged pupils. The balance of funding is to be utilised in the year to 31 August 2015.

**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.

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**17 FUNDS (continued)**

**Land & Building transfer**

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

**Capital grant transferred 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 and depreciation is being charged against the fund over the life of the assets..

**Capital funding for Sports Facility**

Capital funding for the Sports Facility was awarded in the prior year by Darlington Borough Council. The funding was fully spent during the year.

**Devolved formula capital funding**

Capital funding has been received from the DfE for utilisation on building improvements and refurbishments. The transfer in the year represents expenditure incurred using the funding received.

**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.

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS - COMPANY**

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2014 £	Total 2013 £
Tangible fixed assets	-	-	9,274,113	9,274,113	9,293,746
Current assets	256,566	591,767	-	848,333	1,369,070
Current liabilities	-	(393,877)	-	(393,877)	(879,946)
Pension liability	-	(536,000)	-	(536,000)	(566,000)
<b>Total net assets</b>	<u>256,566</u>	<u>(338,110)</u>	<u>9,274,113</u>	<u>9,192,569</u>	<u>9,216,870</u>

**19 CAPITAL COMMITMENTS**

	Total 2014 £	Total 2013 £
Contracted for but not provided for in the financial statements	-	178,731
	<u>-</u>	<u>178,731</u>

**HURWORTH SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year ended 31 August 2014

**20 OPERATING LEASES**

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

	2014 £	2013 £
Other:		
Expiring within one year	6,736	2,040
Expiring within two and five years inclusive	20,208	12,825
	<hr/> 26,944	<hr/> 14,865
	<hr/> <hr/>	<hr/> <hr/>

**21 ULTIMATE CONTROLLING PARTY**

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

**22 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Company'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 Company's financial regulations and normal procurement procedures.

The following related party transaction took place in the period of account:

- R Rees, a Governor, received £11,994 in relation to supply teaching services.
- Due consideration was given to the requirements of the Academies Financial Handbook to ensure that R Rees did not gain from her position by receiving payment under terms that were preferential to those that would be offered to an individual or organisation with no connection to the Academy.

**23 CONTINGENT LIABILITIES**

In the event that during the year of the funding agreement, the Company sells or disposes of any asset for which a capital grant was received, the Company 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 Company for its charitable purposes.

**24 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 2014

**25 RECONCILIATION OF NET INCOME AND NET CASHFLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net deficit	(120,301)	(354,063)
Depreciation	219,361	185,688
Interest receivable	(929)	(5,853)
FRS 17 – Finance and staff costs	66,000	67,000
(Increase) / decrease in stock	(5,663)	2,864
Decrease/ (increase) in debtors (excluding accrued capital income)	131,481	(130,532)
(Decrease) / increase in creditors (excluding deferred capital expenditure)	(292,456)	329,183
Capital grants (including accrued capital income)	(15,002)	(14,969)
	<u>(17,509)</u>	<u>79,318</u>

**26 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, had a company number of 07824458. An investment of £1 existed in the subsidiary company until the company was dissolved on 5 August 2014.

As the company ceased trading on 5 December 2012 and was subsequently dissolved on 5 August 2014, there are no transactions with the subsidiary company in the year ended 31 August 2014.