

Registered number: 07654127 (England and Wales)

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**HURSTMERE SCHOOL**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**Trustees**

Mr H Douglas, Chair<sup>1</sup>  
Mr J Smoker<sup>1</sup>  
Ms W Day, Staff Governor (resigned 1 January 2015)  
Mrs D Halton, Staff Governor (resigned 1 January 2015)<sup>1</sup>  
Mr K Wadsworth, Staff Governor (resigned 1 January 2015)<sup>1</sup>  
Mr A Stringer, Principal & Accounting Officer<sup>1</sup>  
Mrs E Allen, Vice Chair<sup>1</sup>  
Mr P Bennett<sup>1</sup>  
Mr P Boyd<sup>1</sup>  
Mr A Brooks (resigned 1 September 2014)<sup>1</sup>  
Mrs N Coney  
Mr D Chatt  
Mr I Coombes<sup>1</sup>  
Mr J Cutts  
Mr A Littlechild (resigned 10 December 2014)  
Mr R Pavey, Vice Chair  
Mr I Sharp  
Mrs J Loizou  
Mrs V Hughes-Narborough, Honary Chairman & Companion<sup>1</sup>  
Mr P Bolter, Staff Governor (appointed 16 January 2015)  
Mrs C Fletcher, Staff Governor (appointed 16 January 2015)  
Mr M Wright, Staff Governor (appointed 16 January 2015)

<sup>1</sup> Finance, Audit and General Purpose Committee

**Company registered number**

07654127 (England and Wales)

**Principal and registered office**

Hurst Road, Sidcup, Kent, DA15 9AW

**Company secretary**

Mrs J Bickerstaffe

**Principal Finance Officer**

Mrs I Cunningham

**Independent auditor**

PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London, E14 4HD

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**Administrative details (continued)**

**Bankers**

Lloyds PLC, 130 Broadway, Bexleyheath, Kent, DA6 7DP

**Accountants**

Bayar Hughes & Co, 4 Green Lane Business Park, 238 Green Lane, New Eltham, London, SE9 3TL

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Hurstmere School are also directors of the charitable company for the purposes of company law. The charitable company is known as Hurstmere School.

The annual report serves the purposes of both a trustees' report and directors' report under company law.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

**Structure, governance and management**

**a. CONSTITUTION**

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Hurstmere School are also directors of the charitable company for the purposes of company law. The charitable company is known as Hurstmere School.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

The Academy is part of an Umbrella Trust together with two local academies, Blackfen School for Girls and Sherwood Park Primary School, which is known as The Penhill Academies Trust.

**b. 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.

**c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association stipulate that the number of Governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Governing Body comprises of up to 14 members. Subject to Articles 48-49 (which includes, for the avoidance of doubt Article 48A) and 64, the Academy Trust shall have the following Governors:

- a) Up to 14 Governors, appointed under Article 50;
- b) the Principal;
- c) up to 4 Staff Governors, elected under Article 58A;
- c.i) not less than 2 Parent Governors appointed under Articles 53-58;
- e) any additional Governors, if appointed under Article 62, 62A or 68A; and
- f) any further Governors, if appointed under Article 63 or Article 68A.

The term of office for any Governor shall be four years: save that this time limit shall not apply to the Principal and any Staff Governor shall only hold office for so long as he/she continues to be employed as a teacher or member of support staff as the case may be. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

When seeking new Governors the Chairman assesses the skill sets of the current members and considers what qualities and experience would enhance the team for the benefit of the Academy.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

The Academy employs the services of Mrs S Tregear, former Clerk of Bexley Governance, as Clerk to the Governors and all appropriate training is logged and sourced from varied providers.

**e. ORGANISATIONAL STRUCTURE**

Apart from several other specific roles the Governors mainly support the Academy as members of four Committees which deal with policies, developments and assessment of four different areas of the Academy's functioning. These committees are:

- 1) Fabric Committee
- 2) Teaching and Learning Committee
- 3) Personnel and Pay Committee
- 4) Finance, Audit and General Purpose Committee

The Governors have powers delegated to them from the full Governing Body to make decisions on behalf of the Academy within the remit of the committee's sphere of concern. The committees meet each term and their work is reported to the full Governing Body in a meeting towards the end of each term. All policies and budget decisions are decided upon by agreement of the Governing Body.

The day to day management of the school is the responsibility of the Principal and his Senior Management Team.

The Principal acts as the Accounting Officer. He is a member of the Finance, Audit and General Purpose Committee, Personnel and Pay Committee and each of the three Deputies are attached to the other two Governors' committees.

**f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Hurstmere School is a single Academy and is not part of a federation. The Academy is part of an Umbrella Trust together with two local academies, Blackfen School for Girls and Sherwood Park Primary School. which is known as The Penhill Academies Trust.

**g. GOVERNORS' INDEMNITIES**

In accordance with normal commercial practice the Academy purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2015 was £877 (2014:£861).

**h. PRINCIPAL ACTIVITIES**

The Academy's object cited in the Academy Funding Agreement is: 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 known as Hurstmere School.

In more specific terms the Academy exists to maintain Hurstmere School as an oversubscribed, high achieving, well-resourced Academy, which specialises in Sport and Science while offering a wealth of extra-curricular activities.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Objectives and Activities**

**a. OBJECTS AND AIMS**

The Academy's main object is stated under the heading "Principal Activities" but the Academy's School Improvement and Development Plan cites three areas of priority. These aims have been agreed by the Governing Body as appropriate targets and they give a clear sense of the Academy's aspirations and character as a school.

Objective 1 - To raise achievement and standards

- a) To set aspirational and robust targets
- b) To raise attainment through effective assessment
- c) Develop the curriculum offer
- d) Raise Standards in Teaching and Learning

Objective 2 - To review and enhance the whole school entitlement and experience.

- a) Targeted intervention for identified student groups  
Effective use of Pupil Premium to raise standards
- b) Utilise the specialisms of sport and science across the curriculum and beyond the school to raise attainment
- c) Enhance the learning environment

Objective 3 - To adopt a rigorous and robust approach towards the leadership, management and monitoring of the school.

- a) Adopt robust internal controls and financial management systems to comply with the 'Academy Financial Handbook'.
- b) To ensure succession planning
- c) Monitor and review the quality of teaching and learning
- d) Robust staff appraisal and capability

**b. PUBLIC BENEFIT**

Hurstmere School exists to provide the best academic educational experience possible for students in the locale of the Academy. In this regard Governors understand and comply with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

**Strategic report**

**Achievements and performance**

**a. GOING CONCERN**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**b. KEY PERFORMANCE INDICATORS**

The Academy has been fully staffed during the period from 1st September 2014 and remains very popular within its local area. It is heavily oversubscribed at primary transition with 701 preferences for 210 places and has a waiting list in all years. It maintains a stable staff and curriculum and was judged by Ofsted in March 2014 to be 'Good' with only one recommendation. The examination results are very good against comparable schools hence its popularity. The Academy had a full Education Funding Agency FM & GE validation in May 2012 where all ten grades were validated as 'Good' or 'Outstanding' and an overall grade of 'Good'. Governors therefore believe they have effective systems in place to ensure regularity and best value in all decision making.

**c. REVIEW OF ACTIVITIES**

The school achieved excellent academic results this summer, with 63%% of students achieving 5+ A\* C GCSE grades including English and Mathematics. This is the schools' best ever results. This performance far exceeds boys' attainment nationally in non selective schools. This has led to more students transferring with higher grades to grammar school sixth forms in the area and more students being better prepared for moving on to Level 3

courses in Key Stage 5. In March 2014 the school had its first Ofsted since becoming an Academy which was very successful and the school attained an overall judgement of Good with a single recommendation for improvement. Ofsted commented favourably on the "ambitious" leadership and governance, stating: "Governors exercise shrewd oversight of the budget and ask themselves for every spending decision, what's in it for the boys?"

The school has adopted a number of strategies to reduce costs or increase income. It admitted 218 students 8 above its PAN. This is allowed for "GOOD" schools, to help offset the increased staffing costs due to the unfunded 1% pay raise for all staff. It has for the third year running been successful in bidding to the EFA maintenance grant, receiving £725,000 for a new boiler and pipework throughout the school, therefore reducing heating costs and maintenance costs of a 65 year old heating and hot water system. As part of the South East London Schools Alliance, the group have run combined professional development courses amongst the 13 schools enabling Hurstmere to reduce its CPD budget. The group have also operated a joint recruitment process sharing the training of newly qualified teachers and appointments of staff. A clear succession and restructuring plan has enabled the school to reduce its leadership costs by approximately £ 150,000 due to the retirement of 2 deputy headteachers and a restructured leadership team. This plan will further reduce staffing cost in the next few years to ensure a balanced budget.

The school is well placed for future changes to examination frameworks and accountability measures. Governors annually review results at the Teaching and Learning committee in tandem with the senior leadership to identify areas for improvement. The school has a very experienced Senior Leadership Team who, along with the Headteacher, have been judged as 'outstanding' or 'good' in the previous three Ofsted inspections.

As a non selective school, Hurstmere has a significant number of boys who, on transfer at age 11, are well below national average ability. This means it has to direct funding to catch up work in the early years of secondary schooling to ensure that these students can access the curriculum. The school employs additional mentors from local sixth forms, teaching assistants and invests in specialist computer packages for supporting students with Additional Educational Needs. Our outcomes for these students are judged by Ofsted as 'good' against the national norms. Hurstmere is now part of an umbrella trust, the 'Penhill Trust', with Blackfen School for Girls and Sherwood Park Primary School. This exciting development will enable economies of scale in purchasing services and resources, enhanced CPD for staff and a move to new admission arrangements in September 2016.

The Trust invests heavily in teaching staff as our key resource; it constrains its support staff budget to ensure a



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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balanced budget. This is evidenced against national benchmarking data. The school sells services where appropriate to raise additional funding. It has been able to maintain its academic progress whilst remaining financially prudent. The school has a facilities lettings policy to raise additional funds. It also has substantial private contributions from parents and past pupils in the school fund which are used to help develop the site to enhance the facilities available to students. This year school fund paid for new canopies in two play areas to help protect the students during inclement weather. The school is very popular, heavily over subscribed, and as such does not suffer from the financial pressures caused by falling rolls. The flat General Annual Grant from the government is putting pressure on retaining provision at its current level. Class sizes are rising and staffing numbers reducing to ensure a balanced budget in future years.

The Trustees have employed Bayar Hughes & Co. Chartered Certified Accountants to carry out checks on internal controls and to report termly to the Governors' Finance Committee, advising on areas to tighten systems and ensure regularity and propriety. They also assist the very experienced Finance Officer to prepare VAT returns, EFA returns and prepare annual accounts. Baxters & Co Chartered Certified Accountants oversee payroll and all associated payments. PKF Littlejohn LLP, Chartered Accountants, carry out the annual audit. Governors have structured the financial management in this way to prevent any conflict of interest and ensure thorough checks and balances. The school had a full EFA financial management review in 2012 and its practices were graded 'good'. The school has a separate financial development plan, risk register and business continuity plan which are reviewed annually by the Finance committee. The school uses external procurement advisers for all major contracts and tenders.

The school always seeks to ensure value for money. It was a founding member in the formation of a local group of finance officers from other trusts who share providers, consultants and benchmarking data to ensure they can utilise each other's expertise to achieve high quality goods and services at competitive prices. The move to a larger trust status is starting to present opportunities for economies of scale across the schools.

#### **d. INVESTMENT POLICY AND PERFORMANCE**

The Academy places surplus funds into a Fixed Term Deposit Account. This is reviewed on a termly basis by the Finance, Audit and General Purpose Committee.

#### **Financial review**

##### **a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Governors regularly monitor reserves to ensure that the Academy has sufficient funds to meet all of its obligations and that there are no disruptions to the education of students. The Governors have assessed risk to which the academy is exposed, in particular those related to specific teaching and safeguarding of students and staff. They have in place a detailed risk register with control measures and action plans in order to minimise risk.

##### **b. PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors review and approve the Academy's Risk Management register on an annual basis. During the year the Finance, Audit and General Purpose Committee and Senior Leadership Team review the level of risk within the register to ensure all events are assessed and evaluated.

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.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**c. RESERVES POLICY**

Our Governors recognise that it is prudent to keep funds as a reserve in case of unexpected costs arising; however this needs to be balanced with the fact that any Academy is funded for the benefit of the students currently in the Academy. Therefore the level of reserves is carefully considered at the termly meetings of the Finance, Audit and General Purpose Committee.

**d. FINANCIAL REVIEW**

As of 31 August 2015 the Academy held fund balances comprising £267,829 (2014 - £152,084) of restricted funds (excluding pension and fixed assets) and £982,619 (2014 - £981,834) of general unrestricted funds. The Academy's share of the Local Government Pension Scheme deficit at 31 August 2015 is £837,000 (2014 - £737,000) as calculated by actuaries.

The Fixed Asset fund of £15,783,196 (2014 - £15,929,910) is not available for spending as it represents the net book value of fixed assets. Future depreciation will be charged against this fund.

**e. PRINCIPAL FUNDING**

The academy is reliant on continued government funding through the EFA.

**f. MATERIAL INVESTMENTS POLICY**

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

The academy will invest surplus cash funds to optimise returns, along with ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

Hurstmere School continues to reconfigure its staffing to ensure that it offers a balanced curriculum whilst constantly seeking to reduce staffing within its timetable. Governors have approved a clear three year succession plan to maximise opportunities to restructure senior leadership roles to reduce costs. The school will bid to the 'Educational Maintenance Fund' for a new fire alarm system and drainage works in the next financial year. Maintaining an intake of 218, which is 8 students above PAN, whilst increasing class sizes helps to offset additional cost pressures. The development of the Penhill Trust will also help to bring economies of scale across the schools in the Trust.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

No funds are held as custodian trustees on behalf of others by the academy.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 16 December 2015 and signed on the board's behalf by:

**Mr H Douglas**  
**Chair of Trustees**



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**HURSTMERE SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The board of trustees 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 Hurstmere School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees 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 Governors' responsibilities statement. The board of trustees has formally met 12 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Mr H Douglas, Chair	15	18
Mr J Smoker	6	15
Ms W Day, Staff Governor	3	3
Mrs D Halton, Staff Governor	3	4
Mr K Wadsworth, Staff Governor	5	7
Mr A Stringer, Principal & Accounting Officer	12	12
Mrs E Allen, Vice Chair	17	18
Mr P Bennett	10	12
Mr P Boyd	6	12
Mr A Brooks	0	0
Mrs N Coney	6	8
Mr D Chatt	9	9
Mr I Coombes	12	15
Mr J Cutts	11	11
Mr A Littlechild	0	1
Mr R Pavey, Vice Chair	12	14
Mr I Sharp	2	8
Mrs J Loizou	7	9
Mrs V Hughes-Narborough, Honary Chairman & Companion	0	0
Mrs C Fletcher, Staff Governor	5	5
Mr M Wright, Staff Governor	3	5

Changes in the composition of the board during the year are as follows:

- Mr J Smoker resigned as Vice Chairman of Governors 31st August 2014 (remains a Trustee)
- Mr R Pavey appointed as Vice Chairman of Governors 1st September 2014
- Mrs W Day resigned as Staff Governor 1st January 2015
- Mrs D Halton resigned as Staff Governor 1st January 2015
- Mr K Wadsworth resigned as Staff Governor 1st January 2015
- Mr A Brooks resigned as Governor 1st September 2014
- Mr A Littlechild resigned as Governor 10th December 2014
- Mr P Bolter appointed as Staff Governor 16th January 2015
- Mrs C Fletcher appointed as Staff Governor 16th January 2015
- Mr M Wright appointed as Staff Governor 16th January 2015

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The school is very aware of the need during a period of flat budgets to make reductions to expenditure to offset increased cost pressures. This year governors approved an expansion in pupil numbers to 218 from 210. As a very popular heavily oversubscribed school with 701 preferences for 210 places, this has helped to offset the additional 1% pay rise in teachers' salaries. To reduce staffing costs to cope with the increase in national insurance contributions, pension contributions and reductions in academy funding, governors have implemented a 3 year restructuring and staffing plan. Two deputy headteachers left this year and were not replaced on the leadership team by additional staff. This has helped reduce overall staffing costs by £150,000. A part time geography teacher resigned and was not replaced.
- Hurstmere is now part of an umbrella trust, the 'Penhill Trust' with Blackfen School for Girls and Sherwood Park Primary School. This exciting development has enabled economies of scale in purchasing services and resources, enhanced CPD for staff and a move to new admission arrangements. The school is also part of the South East London Schools Alliance which now comprises thirteen schools in Bexley and Bromley. This has proved outstanding in hosting subject based CPD, student events, joint procurement and leadership meetings focussed on outcomes. Hurstmere also work closely with Chislehurst and Sidcup Grammar School, BETHS Grammar School and Townley Grammar School, using A Level students in Mathematics and English to provide mentoring to individual students; the result of this is significantly enhanced outcomes at GCSE in English and Mathematics at reduced costs. The school has taken every opportunity to apply for external grants.  
This summer a significant programme of boiler and pipework replacement took place following a successful bid to the education funding agency maintenance grant for £725,000.
- The Trust invests heavily in teaching staff as our key resource; it constrains its support staff budget to ensure a balanced budget. This is evidenced against national benchmarking data. The school sells services where appropriate to raise additional funding. It has been able to maintain its academic progress whilst remaining financially prudent. The school has a facilities lettings policy to raise additional funds. It also has substantial private contributions from parents and past pupils in the school fund which are used to help develop the site to enhance the facilities available to students. The school uses external procurement advisers for all major contracts and tenders.
- The school always seeks to ensure value for money. It was a founding member in the formation of a local group of finance officers from other trusts who share providers, consultants and benchmarking data to ensure they can utilise each other's expertise to achieve high quality goods and services at competitive prices.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hurstmere School for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

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**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance, Audit and General Purpose 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;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Bayar Hughes & Co Ltd as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- testing of bank reconciliations and controls;
- testing of purchase systems
- testing of payroll systems

On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

**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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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**GOVERNANCE STATEMENT (continued)**

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The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and General Purpose 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 board of trustees on 16 December 2015 and signed on its behalf, by:

Mr H Douglas  
Chair of Trustees



Mr A Stringer  
Accounting Officer



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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

**Mr A Stringer, Principal &  
Accounting Officer**

Date: 16 December 2015

A handwritten signature in black ink, appearing to read 'A Stringer', with a stylized, sweeping flourish at the end.



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**(A company limited by guarantee)**

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**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Governors (who act as governors of Hurstmere School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction 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 of the Charities SORP;
- make judgments and accounting 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;
- 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 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 board of trustees on 16 December 2015 and signed on its behalf by:



**Mr H Douglas**  
**Chair of Trustees**

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HURSTMERE SCHOOL**

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We have audited the financial statements of Hurstmere School for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy'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 academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HURSTMERE SCHOOL**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



**Paul Hopper**

Senior Statutory Auditor  
For and on behalf of PKF Littlejohn LLP

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD  
16 December 2015

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HURSTMERE SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 2 November 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hurstmere School during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hurstmere School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hurstmere School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hurstmere School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HURSTMERE SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Hurstmere School's funding agreement with the Secretary of State for Education dated 15 January 2013, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- A review of the conclusion reached on regularity and propriety in the year, including the action taken in respect of points raised in the audit management letter;
- A review of minutes of the Governing Body and its key sub committee;
- Checking a sample of expenditure transactions to ensure that they do not contravene the funding agreement and have been authorised in accordance with the Academy's financial procedures and/or the Academies Financial Handbook, and
- Evaluating and documenting internal controls and testing their application by walk through.

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HURSTMERE  
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



PKF Littlejohn LLP

Reporting Accountant

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

16 December 2015

**HURSTMERE SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Activities for generating funds	2	254,154	38,935	-	293,089	315,289
Investment income	3	2,404	1,220	-	3,624	3,027
Incoming resources from charitable activities	4	-	6,049,358	-	6,049,358	6,014,552
<b>TOTAL INCOMING RESOURCES</b>		<b>256,558</b>	<b>6,089,513</b>	<b>-</b>	<b>6,346,071</b>	<b>6,332,868</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	6	199,752	5,916,794	241,609	6,358,155	6,562,287
Governance costs	5	-	8,100	-	8,100	12,490
<b>TOTAL RESOURCES EXPENDED</b>	<b>7</b>	<b>199,752</b>	<b>5,924,894</b>	<b>241,609</b>	<b>6,366,255</b>	<b>6,574,777</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>56,806</b>	<b>164,619</b>	<b>(241,609)</b>	<b>(20,184)</b>	<b>(241,909)</b>

**HURSTMERE SCHOOL**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07654127 (ENGLAND AND WALES)

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	14		15,783,196		15,929,910
<b>CURRENT ASSETS</b>					
Debtors	15	397,456		317,987	
Cash at bank and in hand		1,615,598		1,302,100	
		<u>2,013,054</u>		<u>1,620,087</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	(762,606)		(486,169)	
<b>NET CURRENT ASSETS</b>			<u>1,250,448</u>		<u>1,133,918</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>17,033,644</u>		<u>17,063,828</u>
Defined benefit pension scheme liability	23	(837,000)			(737,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>16,196,644</u></u>		<u><u>16,326,828</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	17	267,829		152,084	
Restricted fixed asset funds	17	15,783,196		15,929,910	
Restricted funds excluding pension liability		<u>16,051,025</u>		<u>16,081,994</u>	
Pension reserve		<u>(837,000)</u>		<u>(737,000)</u>	
Total restricted funds			<u>15,214,025</u>		<u>15,344,994</u>
Unrestricted funds	17		<u>982,619</u>		<u>981,834</u>
<b>TOTAL FUNDS</b>			<u><u>16,196,644</u></u>		<u><u>16,326,828</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 16 December 2015 and are signed on their behalf, by:

Chair of Trustees



The notes on pages 24 to 42 form part of these financial statements.

**HURSTMERE SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
Transfers between Funds	17	(56,021)	(38,874)	94,895	-	-
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>785</b>	<b>125,745</b>	<b>(146,714)</b>	<b>(20,184)</b>	<b>(241,909)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(110,000)	-	(110,000)	12,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>785</b>	<b>15,745</b>	<b>(146,714)</b>	<b>(130,184)</b>	<b>(229,909)</b>
<i>Total funds at 1 September 2014</i>		<i>981,834</i>	<i>(584,916)</i>	<i>15,929,910</i>	<i>16,326,828</i>	<i>16,556,737</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>982,619</b>	<b>(569,171)</b>	<b>15,783,196</b>	<b>16,196,644</b>	<b>16,326,828</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 42 form part of these financial statements.



**HURSTMERE SCHOOL**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	19	412,568	26,214
Returns on investments and servicing of finance	20	3,624	3,027
Capital expenditure and financial investment	20	(94,895)	(356,915)
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>321,297</b>	<b>(327,674)</b>
Financing	20	(7,799)	-
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>313,498</b>	<b>(327,674)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase/(Decrease) in cash in the year	313,498	(327,674)
Cash outflow from decrease in debt and lease financing	7,799	-
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>321,297</b>	<b>(327,674)</b>
Net funds at 1 September 2014	1,285,610	1,613,284
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>1,606,907</b>	<b>1,285,610</b>

The notes on pages 24 to 42 form part of these financial statements.

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**HURSTMERE SCHOOL**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

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

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

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.

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

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

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

**1.4 Resources expended**

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £4,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	2% Straight line
Leasehold Improvements	-	6.67% Straight line
Motor vehicles	-	25% Reducing balance
Fixtures and fittings	-	20% Reducing balance
Computer equipment	-	33% Straight line

**1.7 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.8 Pensions**

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.

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 23, 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 the 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 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.

**HURSTMERE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**2. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings income	36,008	-	36,008	51,063
Catering	1,320	-	1,320	2,358
Other income	5,779	30,446	36,225	43,539
School trips income	174,035	-	174,035	186,287
School fund income	37,012	-	37,012	32,042
Insurance claims	-	8,489	8,489	-
	<u>254,154</u>	<u>38,935</u>	<u>293,089</u>	<u>315,289</u>

**3. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	<u>2,404</u>	<u>1,220</u>	<u>3,624</u>	<u>3,027</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational operations	<u>-</u>	<u>6,049,358</u>	<u>6,049,358</u>	<u>6,014,552</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	5,373,933	5,373,933	5,346,571
Other DfE/EFA grants	-	533,464	533,464	559,965
Local authority grants	-	84,172	84,172	63,281
Other grants	-	57,789	57,789	44,735
	<u>-</u>	<u>6,049,358</u>	<u>6,049,358</u>	<u>6,014,552</u>

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**HURSTMERE SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**5. GOVERNANCE COSTS**

	<b>Unrestricted funds 2015 £</b>	<b>Restricted funds 2015 £</b>	<b>Total funds 2015 £</b>	<i>Total funds 2014 £</i>
Auditors' remuneration	-	8,100	8,100	7,740
Professional Fees	-	-	-	4,750
	<hr/>	<hr/>	<hr/>	<hr/>
	-	8,100	8,100	12,490
	<hr/>	<hr/>	<hr/>	<hr/>

**HURSTMERE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**6. CHARITABLE ACTIVITIES**

	<b>Total funds 2015 £</b>	<i>Total funds 2014 £</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	3,463,367	3,411,554
National insurance	267,987	249,505
Pension cost	409,439	400,751
Educational supplies	188,784	192,069
Staff development	14,199	17,430
Other costs	-	30,000
Professional fees	134,471	144,950
Licences and subscriptions	37,722	45,339
Computer maintenance and consumables	18,073	759
Examination fees	70,258	86,397
School trip costs	175,740	169,125
School fund costs	24,011	44,026
	<hr/>	<hr/>
Subtotal	4,804,051	4,791,905
Other	-	2,409
	<hr/>	<hr/>
	4,804,051	4,794,314
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	495,241	491,582
National insurance	28,805	30,611
Pension cost	129,293	118,972
Depreciation	241,609	236,734
Advertising	15,357	19,376
Insurance	35,468	43,459
Maintenance of premises and equipment	217,460	445,910
Cleaning	117,345	113,703
Rates and water	34,384	34,092
Light and heat	100,846	103,632
Catering costs	32,438	21,802
Professional fees	60,427	67,513
Telephone and broadband	20,604	12,122
Office supplies	19,742	22,808
Motor expenses	5,085	5,657
	<hr/>	<hr/>
	1,554,104	1,767,973
	<hr/>	<hr/>
	6,358,155	6,562,287
	<hr/>	<hr/>

**HURSTMERE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**7. RESOURCES EXPENDED**

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2015	2015	2015	2015	2014
	£	£	£	£	£
Educational operations	4,140,793	-	663,258	4,804,051	4,794,314
Support costs - Educational operations	653,339	627,543	273,222	1,554,104	1,767,973
<b>Charitable activities</b>	<b>4,794,132</b>	<b>627,543</b>	<b>936,480</b>	<b>6,358,155</b>	<b>6,562,287</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>8,100</b>	<b>8,100</b>	<b>12,490</b>
	<b>4,794,132</b>	<b>627,543</b>	<b>944,580</b>	<b>6,366,255</b>	<b>6,574,777</b>

**8. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly	Support costs	Total	Total
	2015	2015	2015	2014
	£	£	£	£
Educational operations	4,804,051	1,554,104	6,358,155	6,562,287

**9. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	241,609	236,735
Operating lease rentals:		
- other operating leases	19,525	14,692

**10. AUDITORS' REMUNERATION**

	2015	2014
	£	£
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	8,100	7,740



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**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	3,920,839	3,798,477
Social security costs	296,792	280,117
Other pension costs (Note 23)	538,732	519,723
	<u>4,756,363</u>	<u>4,598,317</u>
Supply teacher costs	37,769	104,658
	<u>4,794,132</u>	<u>4,702,975</u>

**b. Staff numbers**

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	68	67
Administration and Support	33	38
	<u>101</u>	<u>105</u>

**c. Higher paid staff**

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	2	3
In the band £90,001 - £100,000	1	1
	<u>6</u>	<u>7</u>

All of the above employees participated in the Teachers' Pension Scheme. during the year to 31 August 2015 pension contributions for these staff amounted to £108,233 (2014:£131,140).

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**12. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

	2015 £	2014 £
Mr A Stringer, Principal & Accounting Officer	95,000-100,000	95,000-100,000
Ms W Day, Staff Governor	50,000-55,000	45,000-50,000
Mrs D Halton, Staff Governor	50,000-55,000	40,000-45,000
Mr K Wadsworth, Staff Governor	50,000-55,000	45,000-50,000
Mr P Bolter, Staff Governor	40,000-45,000	-
Mrs C Fletcher, Staff Governor	35,000-40,000	-
Mr M Wright, Staff Governor	45,000-50,000	-

During the year, no Governors received any reimbursement of expenses (2014 - £NIL).

In addition to the remuneration stated above, the Academy made contributions into related employer pension schemes as follows, Mr A Stringer £10,000-15,000 (2014:£10,000-15,000), Ms W Day £5,000-10,000 (2014:£5,000-10,000), Mrs D Halton £5,000-10,000(2014:£5,000-10,000), Mr K Wadsworth £5,000-10,000 (2014:£5,000-10,000), Mr P Bolter £5,000-10,000 (2014:N/A), Mr C Fletcher £5,000-10,000 (2014:N/A) and Mr M Wright £5,000-10,000 (2014:N/A).

**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £877 (2014 - £861). The cost of this insurance is included in the total insurance cost.

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**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold improvement £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>					
At 1 September 2014	15,972,151	208,029	16,218	214,572	130,157
Additions	-	-	-	38,355	56,540
At 31 August 2015	15,972,151	208,029	16,218	252,927	186,697
<b>Depreciation</b>					
At 1 September 2014	430,920	13,869	9,377	80,337	76,714
Charge for the year	143,640	13,869	1,710	34,519	47,871
At 31 August 2015	574,560	27,738	11,087	114,856	124,585
<b>Net book value</b>					
At 31 August 2015	15,397,591	180,291	5,131	138,071	62,112
At 31 August 2014	15,541,231	194,160	6,841	134,235	53,443
					<b>Total £</b>
<b>Cost</b>					
At 1 September 2014					16,541,127
Additions					94,895
At 31 August 2015					16,636,022
<b>Depreciation</b>					
At 1 September 2014					611,217
Charge for the year					241,609
At 31 August 2015					852,826
<b>Net book value</b>					
At 31 August 2015					15,783,196
At 31 August 2014					15,929,910

Included in land and buildings is leasehold land at valuation of £8,790,000 (2014:£8,790,000), which is not depreciated.

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**15. DEBTORS**

	2015 £	2014 £
Trade debtors	285,641	180,785
Other debtors	86,376	99,624
Prepayments and accrued income	25,439	37,578
	<u>397,456</u>	<u>317,987</u>

**16. CREDITORS:  
Amounts falling due within one year**

	2015 £	2014 £
Other loans	8,691	16,490
Trade creditors	20,596	895
Other taxation and social security	96,371	88,096
Accruals and deferred income	636,948	380,688
	<u>762,606</u>	<u>486,169</u>

**Deferred income**

Deferred income at 1 September 2014	59,130
Resources deferred during the year	580,213
Amounts released from previous years	(59,130)
Deferred income at 31 August 2015	<u>580,213</u>

Income deferred at year end relates to a School Games Organiser grant from ECORYS UK of £13,883 (2014:£13,883), school trips of £2,321(2014:£25,040) and EFA Condition Improvement Funding of £564,009(2014:£20,207).

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**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	646,360	44,862	-	-	-	691,222
School fund	290,852	37,600	(23,511)	(56,021)	-	248,920
School trips	44,622	174,096	(176,241)	-	-	42,477
	<u>981,834</u>	<u>256,558</u>	<u>(199,752)</u>	<u>(56,021)</u>	<u>-</u>	<u>982,619</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	152,084	5,373,933	(5,219,314)	(38,874)	-	267,829
Other Dfe/EFA Grants	-	330,210	(330,210)	-	-	-
Local Authority Grants	-	84,172	(84,172)	-	-	-
Other Grants	-	50,181	(50,181)	-	-	-
Investment Income	-	1,220	(1,220)	-	-	-
Other Income	-	46,543	(46,543)	-	-	-
Devolved Formula Capital Grant	-	21,753	(21,753)	-	-	-
Dfe/EFA Capital Grant	-	181,501	(181,501)	-	-	-
Pension reserve	(737,000)	-	10,000	-	(110,000)	(837,000)
	<u>(584,916)</u>	<u>6,089,513</u>	<u>(5,924,894)</u>	<u>(38,874)</u>	<u>(110,000)</u>	<u>(569,171)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	15,929,910	-	(241,609)	94,895	-	15,783,196
Total restricted funds	<u>15,344,994</u>	<u>6,089,513</u>	<u>(6,166,503)</u>	<u>56,021</u>	<u>(110,000)</u>	<u>15,214,025</u>
Total of funds	<u><u>16,326,828</u></u>	<u><u>6,346,071</u></u>	<u><u>(6,366,255)</u></u>	<u><u>-</u></u>	<u><u>(110,000)</u></u>	<u><u>16,196,644</u></u>

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

The General Annual Grant is provided by the Education Funding Agency (EFA) to enable the Academy to fulfil its educational objectives.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Other Grants received from the EFA are provided for the needs of the Academy's pupils and the

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**17. STATEMENT OF FUNDS (continued)**

furtherance of their education.

The Grants received from the Local Authority are provided by the London Borough of Bexley to support the education of the Academy's pupils, particularly those with higher needs.

The EFA also provided additional grants to assist in the capital costs of the Academy's infrastructure. A sum of £21,753 was for capital purchases and general building maintenance, £161,294 was for boiler replacements and £20,207 was for window and roof renewal.

Investment income arises from the Academy's main bank account and is used to fulfil its educational objectives.

The pension reserve relates to the Local Government Pension Scheme (LGPS) and the movement is derived from the FRS17 report as prepared by actuaries.

The transfer of £94,895 within the restricted fixed asset fund represents the use of GAG funds and the school fund to acquire fixed assets.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	981,834	256,558	(199,752)	(56,021)	-	982,619
Restricted funds	(584,916)	6,089,513	(5,924,894)	(38,874)	(110,000)	(569,171)
Restricted fixed asset funds	15,929,910	-	(241,609)	94,895	-	15,783,196
	<u>16,326,828</u>	<u>6,346,071</u>	<u>(6,366,255)</u>	<u>-</u>	<u>(110,000)</u>	<u>16,196,644</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	15,783,196	15,783,196	15,929,910
Current assets	980,822	1,032,232	-	2,013,054	1,620,087
Creditors due within one year	1,798	(764,404)	-	(762,606)	(486,169)
Provisions for liabilities and charges	-	(837,000)	-	(837,000)	(737,000)
	<u>982,619</u>	<u>(569,171)</u>	<u>15,783,196</u>	<u>16,196,644</u>	<u>16,326,828</u>

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**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	(20,184)	(241,909)
Returns on investments and servicing of finance	(3,624)	(3,027)
Depreciation of tangible fixed assets	241,609	236,735
Increase in debtors	(79,469)	(220,300)
Increase in creditors	284,236	248,715
FRS 17 adjustments	(10,000)	6,000
<b>Net cash inflow from operations</b>	<b>412,568</b>	<b>26,214</b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,624	3,027
	<u>3,624</u>	<u>3,027</u>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(94,895)	(356,915)
	<u>(94,895)</u>	<u>(356,915)</u>
	2015 £	2014 £
<b>Financing</b>		
Repayment of other loans	(7,799)	-
	<u>(7,799)</u>	<u>-</u>

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,302,100	313,498	-	1,615,598
<b>Debt:</b>				
Finance leases	-	-	-	-
Debts due within one year	(16,490)	-	7,799	(8,691)
<b>Net funds</b>	<b>1,285,610</b>	<b>313,498</b>	<b>7,799</b>	<b>1,606,907</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. CONTINGENT LIABILITIES**

There are no contingent liabilities at 31 August 2015 (2014 - Nil)

**23. PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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%



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**23. PENSION COMMITMENTS (continued)**

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which 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.

The pension costs paid to TPS in the period amounted to £709,394 (2014: £676,808).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £191,350, of which employer's contributions totalled £139,293 and employees' contributions totalled £52,057.

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.

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

	<b>Expected return at 31 August 2015 %</b>	<b>Fair value at 31 August 2015 £</b>	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>
Equities	6.50	1,183,000	7.00	1,055,000
Government Bonds	2.50	-	2.90	-
Property	6.10	232,000	6.20	182,000
Other bonds	3.60	174,000	3.80	158,000
Cash/liquidity	0.50	38,000	0.50	10,000
Other	7.00	372,000	7.00	328,000
Total market value of assets		<b>1,999,000</b>		<b>1,733,000</b>
Present value of scheme liabilities		<b>(2,836,000)</b>		<b>(2,470,000)</b>
Deficit in the scheme		<b>(837,000)</b>		<b>(737,000)</b>

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**23. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,836,000)	(2,470,000)
Fair value of scheme assets	1,999,000	1,733,000
Net liability	<u>(837,000)</u>	<u>(737,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	2,470,000	2,099,000
Contributions by scheme participants	47,000	45,000
Actuarial Losses	55,000	83,000
Benefits/Transfers paid	(15,000)	(7,000)
Current service cost	179,000	151,000
Interest cost	100,000	99,000
Closing defined benefit obligation	<u>2,836,000</u>	<u>2,470,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,733,000	1,356,000
Actuarial gains and (losses)	(55,000)	95,000
Contributions by employees	47,000	45,000
Benefits/Transfers paid	(15,000)	(7,000)
Employer contributions	180,000	156,000
Expected return on assets	109,000	88,000
	<u>1,999,000</u>	<u>1,733,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £110,000 (2014 - £12,000).

The academy expects to contribute £186,000 to its Defined benefit pension scheme in 2016.

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**23. PENSION COMMITMENTS (continued)**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	59.20 %	60.90 %
Other bonds	8.70 %	9.10 %
Property	11.60 %	10.50 %
Cash/liquidity	1.90 %	0.60 %
Other	18.60 %	18.90 %
	- %	- %
	- %	- %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.90 %	3.90 %
Rate of increase in salaries	3.70 %	3.60 %
Rate of increase for pensions in payment / inflation	2.20 %	2.10 %
Inflation assumption (CPI)	2.20 %	2.10 %

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

	2015	2014
Retiring today		
Males	23.1	23
Females	25.5	25.4
Retiring in 20 years		
Males	25.4	25.3
Females	28.4	28.3

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(2,836,000)	(2,470,000)	(2,099,000)
Scheme assets	1,999,000	1,733,000	1,356,000
Deficit	(837,000)	(737,000)	(743,000)
Experience adjustments on scheme liabilities	(55,000)	(83,000)	-
Experience adjustments on scheme assets	(55,000)	95,000	118,000

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**24. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Between 2 and 5 years	<b>5,012</b>	<b>5,012</b>

**25. RELATED PARTY TRANSACTIONS**

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

**26. CONTROLLING PARTY**

As the Academy is Limited by Guarantee there is no Ultimate Controlling Party.