

**HURWORTH PRIMARY SCHOOL
(A Company Limited by Guarantee)
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

Company Registration Number 08028292 (England and Wales)



HURWORTH PRIMARY SCHOOL
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2014

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HURWORTH PRIMARY SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 AUGUST 2014

Members	S Angus A Stobart J Stansfield
Trustees	G Fitzgerald (Chair) A Angus (appointed 6 March 2014) C Banham N Blackburn (appointed 1 September 2013) W Cordery S Crowther (appointed 20 September 2013) H Ferguson S Geraghty (appointed 20 September 2013, resigned 25 April 2014) L Henderson (appointed 20 September 2013) A Maddison (appointed 1 September 2013) D Smith A Stobart
Company Secretary	H Ferguson
Members of Finance, Audit, Staffing and Personnel Committee	G Fitzgerald A Maddison N Blackburn S Crowther A Stobart H Ferguson S Geraghty L Henderson W Cordery C Banham
Senior Management Team	
Executive Head Teacher	N Blackburn
Assistant Head Teacher	A Maddison
Assistant Head Teacher	S Graham
Principal and Registered Office	Westfield Drive Hurworth Darlington County Durham DL2 2ET
Company Registration Number	08028292 (England and Wales)
Independent Auditor	Baker Tilly UK Audit LLP Chartered Accountants Tenon House Ferryboat Lane Sunderland SR5 3JN
Bankers	Lloyds Bank Plc Skinnergate Darlington Co Durham DL3 7ND

HURWORTH PRIMARY SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 AUGUST 2014

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2014. The annual report serves the purpose of both a trustees' report and directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Hurworth Primary School (the "Academy Trust") incorporated on 12 April 2012 and commenced operation as an Academy on 1 June 2012. It is a company limited by guarantee with no share capital (registration number 08028292) and an exempt charity under the Academies Act 2010. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. Directors of the charitable company are nominated by either the Secretary of State for Education or by the members.

The Trustees of the Academy are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on pages 1 and 2.

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.

Trustees' Indemnities

A Trustee may benefit from any indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to 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 Trustees in their capacity as directors of the Academy.

Principal Activities

The principal activity is to advance, for public benefit, education in the United Kingdom by establishing, maintaining, operating and developing schools offering a broad curriculum for pupils of a primary school age.

Method of Recruitment and Appointment or Election of Trustees

The Governing Body comprises three categories of Trustees as set out in the Articles of Association.

Members may appoint Staff Trustees through such process as they may determine, provided that the total number of Trustees including the Executive Head Teacher who are employees of the Academy does not exceed one third of the total number of Trustees.

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT (*continued*)

Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time they are elected.

The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post, or if preferred their ballot paper returned to the Academy by a registered pupil.

Where a vacancy for a Parent Trustee is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person known 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 given every opportunity to do so.

The Secretary of State may also appoint additional Trustees if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience. The Academy purchases support that provides for individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. The Academy will perform an annual skills audit of Trustees and should any gaps be identified, training courses are offered to address these issues.

Organisational Structure

The Academy's management structure consists of:

The Governing Body
Finance, Audit, Staffing and Personnel Committee
Senior Leadership Team
Business Manager

The Governing Body has overall responsibility for setting general policy, adopting an annual plan and budget. It is responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

Connected Organisations including Related Party Relationships

Hurworth Primary School is a stand alone Academy and not part of a Multi-Academy Trust. There are no connected organisations or related party relationships that have been identified. However please see plans for the future for a post year end update.

Risk Management

The Trustees have adopted the Statement of Recommended Practice (SORP) approach to identifying and managing the risks of the Academy. The charity trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. The schedule of risks will be tabled at all Finance, Audit, Staffing and Personnel Committee meetings and mitigating actions agreed as required. The full Trustee group will review the risk log on an annual basis

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle objective and activity of Hurworth Primary School is the education of pupils of primary school age.

Objectives, Strategies and Activities

The following section is aimed at explaining the values, visions, motto and mission of the Academy.

Our Values:

Respect Ourselves, Respect Others, Respect Learning, Respect Achievement.

Our Vision:

Empowering children to play a full, active and engaged role as responsible citizens in a rapidly changing world.

Our Motto:

Consider, Create, Contribute.

Our Mission:

To achieve our vision all members of our school community will:

- Challenge themselves, moving beyond what is known and comfortable to discover the greater potential that each of us has; in so doing we promote self-belief and personal development;
- Contribute to the wider community, locally, nationally and globally, becoming more socially and environmentally aware and responsible.

Public Benefit

The Trustees have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Academy provides a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

STRATEGIC REPORT

Achievements and Performance

Children join the school with skills that are broadly average although there is some variability year-on-year. A small number of children, mainly girls, enter school with knowledge and skills that are above expectations. Pupils make good progress in reception class because of highly effective provision. In 2014 80% of the children made a good level of development.

Pupils in Year 1 make good progress in their understanding of letter and sounds and the percentage of pupils attaining the national average in the phonics screening test is above expectations. Girls generally perform much better than boys.

This good progress continues into Year 2. Attainment has been significantly high for two years at the end of Key Stage 1. The very high attainment in reading, especially at level 3, can be attributed to the school's very good approach to the teaching of phonics and key basic skills. Attainment is also high in mathematics, although standards fell slightly in writing this year. Girls continue to perform better than boys.

Pupils make at least good progress from their Key Stage 1 starting points to attain very high standards at the end of Key Stage 2. They continue to achieve exceptionally high in reading and this year nearly three quarters of pupils attained a level 5 in reading. Performance is also high in mathematics. Attainment is not as high in writing. The percentage of pupils achieving level 4 and level 5 in both English and mathematics is above the above national average. A very high proportion of pupils at levels 4 and 5 passed the spelling, grammar and punctuation test. Girls' performance was particularly strong. Two and three levels progress measures show that pupils make outstanding progress in reading and mathematics. Progress measures in writing, especially for boys, are not as good.

Pupils who receive pupil premium funding perform well above national average in reading and mathematics. Their performance in writing is not as good. They make good progress against expected levels in all subjects but do not make better than expected progress.

More able pupils perform exceptionally well in reading and mathematics. Their attainment has been high over the last two years, especially in reading and mathematics.

Pupils with special educational needs attain standards that are above national expectations. The progress they make in reading is especially good.

Financial Review

The main source of income for the Academy is grants from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives Low Incidence Needs grant funding and Special Educational Needs Funding for High needs pupils, the use of which is also restricted to particular purposes.

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

Financial Review (*continued*)

The Academy also receives grants for fixed assets from the EFA. In accordance with the Statement of Recommended Practice such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the year ended 31 August 2014, the excess of expenditure over income for the year (excluding fixed asset funds and before actuarial gains) was £4,935.

The Trustees recognise that the Local Government Pension Scheme liability set out in note 25 to the financial statements represents a significant liability, however as they consider that the Academy is able to meet its known annual contribution commitment for the foreseeable future the risk to the Academy from this liability is minimised.

At 31 August 2014 the net book value of fixed assets was £932,296. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that there should be sufficient working capital and free reserves to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £64,293 which is considered by the Trustees to be adequate.

Investment Policy

The Academy's current investment policy is to maximise income through a low risk strategy. All funds can be immediately accessed so that they can be appropriately utilised.

Key Performance Indicators

To ensure that standards continue to rise, Hurworth Academy is focused on further improving the quality of teaching and learning. It tracks individual pupil progress and attainment rigorously, providing targeted interventions to ensure good & better progress for all pupils. A programme of lesson observations and work scrutinises, combined with intensive staff development, is planned to ensure maximum impact on pupil progress.

KS1 - pupils achieving L2B+

Reading 90% (2013)	87% (2014)
Writing 66% (2013)	77% (2014)
Maths 94% (2013)	90% (2014)

KS1 - pupils achieving L3

Reading 46% (2013)	52% (2014)
Writing 27% (2013)	29% (2014)
Maths 33% (2013)	45% (2014)

KS2 – pupils achieving L4+

Reading 97% (2013)	97% (2014)
Writing 83% (2013)	94% (2014)
Maths 97% (2013)	97% (2014)

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

Key Performance Indicators (*continued*)

Expected progress scores from KS1 to KS2 were 97% in Reading 97% in Writing and 97% in Maths. A significant % of pupils made better than expected progress Reading 60% Writing 37% and Maths 37%.

Plans for Future Periods

On 1 September 2014, the academy became part of a Multi Academy Trust ('MAT') with Heathfield Primary School. Our two academies have worked in close partnership with each other over a number of years and the trustees at both academies feel that closer working in a MAT structure will bring benefits for the staff and pupils. Each school will retain its own identity and ethos. As both academies are operating in a single company as of 1 September 2014, Hurworth Primary School has ceased to operate as a company and the company will be dissolved in due course. All of the assets and liabilities of the company were transferred to Heathfield Academy Trust on that date.

Other plans for the school are detailed below.

To accelerate all pupils' progress in writing by:

- Increasing the % of boys attaining L5 to 40% (2014 20%)
- Increasing the % of current Year 6 pupils making 3 levels of progress to 40% (2014: 37%)

Action to be taken:

- Ensure all staff are fully aware of the different approaches to the teaching of writing.
- Ensure staff are aware of the new draft curriculum for English, especially those areas relating to writing.
- Organise appropriate training for staff to develop more effective teaching of writing skills.
- Carefully monitor the progress of all pupils to ensure intervention work is matched appropriately to pupils' individual abilities.
- Develop the Academy's rigorous approach to monitoring the quality of the teaching of writing to ensure improved outcomes for all pupils.
- Continue to hold staff to account for pupils' progress in writing through regular pupil progress meetings.

Continue to support and develop teaching to ensure a higher proportion of good and outstanding teaching (100% to be consistently good and 50% to be outstanding by December 2014)

Action to be taken:

- Monitor the quality of teaching rigorously and identify specific areas for improvement
- Provide clear feedback so that individual teachers know what they have to do to improve
- Support individual teachers through a carefully designed programme
- Ensure teachers who are not making accelerated progress have precise action points so that progress can be measured.

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

Plans for Future Periods (*continued*)

Further support the smooth running of the Academy by ensuring all financial and administration matters are effective.

Action to be taken:

- Delegate specific responsibilities to appropriate colleagues, including governors.
- Plan a programme of regular meetings to hold colleagues to account
- Monitor all matters relating to finance and administration to ensure the academy is well run and organised.

Principal Risks and Uncertainties

The Academy's risk register is updated termly and, at present, there are no risks identified with a very high probability of occurrence. Outlined below are those risk factors that may impact on the Academy currently with the highest grading on the risk register. Not all the factors are within the Academy's control.

- Government funding
The Academy has considerable reliance on continued Government funding through the EFA. There can be no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The imminent move towards a national funding formula will impact on the budget of the Academy.
- Educational performance if Academy fails
- Demand for school places higher than can accommodate
- Loss of key staff
- Special Educational Needs Funding
- Low Incidence Needs Team.

HURWORTH PRIMARY SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2014

GOING CONCERN

A decision was made by the Full Governing Body to transfer the academy into Heathfield Academy Trust on 1 September 2014. For this reason, the Governing Body has not prepared the Financial Statements on a going concern basis. The activity of the academy and its assets and liabilities were transferred to Heathfield Academy Trust at their book values and accordingly no material adjustments arose as a result of ceasing to apply the going concern basis.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no funds held as Custodian Trustee on behalf of others.

AUDITOR

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as auditor on 1 April 2014 to fill the casual vacancy. In accordance with Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as auditor will be put to the members.

Statement as to disclosure of information to auditors

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

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 11/12/14 and signed on its behalf by:



G Fitzgerald
Chair of Trustees

HURWORTH PRIMARY SCHOOL

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2014

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Hurworth Primary 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 Executive Head Teacher, 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 Primary 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 Trustees' Report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 11 times during the year. Attendance during the year at meetings of the Board of Trustees were as follows:

Trustee	Meetings attended	Out of a possible
A Angus	1	6
C Banham	7	11
N Blackburn (Executive Head Teacher & Accounting Officer)	9	11
W Cordery	11	11
S Crowther	9	11
H Ferguson	9	11
G Fitzgerald (Chair)	11	11
S Geraghty	5	7
L Henderson	7	11
A Maddison	9	11
D Smith	1	11
A Stobart	7	11

Governance reviews

During the year the academy undertook a detailed self review of governance, supported by specialist governance advice from the Avec Partnership Limited. This included a detailed skills audit of all trustees, with follow up advice and training provided by Avec. Governance was also reviewed during our Ofsted review in February 2014 and the outcome was positive. Self review of governance was a standing item on all trustee meetings during the year. Overall, governance at the academy has been effective.

A number of individuals from the full Governing Body make up the Finance, Audit, Staffing and Personnel Committee (as shown on page 1).

The Finance, Audit, Staffing and Personnel Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- Review detailed budgets and management accounts (including variance analysis).
- Appraise financial performance and report to the full Governing Body.

HURWORTH PRIMARY SCHOOL

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2014

Attendance during the year at meetings of the Finance, Audit, Staffing and Personnel Committee were as follows:

Trustee	Meetings attended	Out of a possible
G Fitzgerald (Chair)	4	4
S Geraghty	0	3
H Ferguson	4	4
A Maddison	3	4
N Blackburn	4	4
L Henderson	2	4
S Crowther	3	4
W Cordery	0	4
C Banham	2	4
A Stobart	4	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hurworth Primary School 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 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 on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2014 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 Trust'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, Staffing and Personnel 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 Governors have appointed Baker Tilly Risk Advisory Services LLP to assist the Responsible Officer whose role includes giving advice on financial matters and performing a range of checks on the Academy's financial system. A Link Governor delivers Responsible Officer reports to the full Governing Body. The Academy confirms that this function has been fully delivered in line with EFA requirements and no material control issues arose.

HURWORTH PRIMARY SCHOOL
GOVERNANCE STATEMENT
YEAR ENDED 31 AUGUST 2014

Review of Effectiveness

As Accounting Officer, the Executive Head Teacher 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 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.

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, Staffing and Personnel 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 11/12/14 and signed on its behalf by:



G Fitzgerald
Chair of Trustees



N Blackburn
Accounting Officer

HURWORTH PRIMARY SCHOOL
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
YEAR ENDED 31 AUGUST 2014

As the current Accounting Officer of Hurworth Primary School I have considered my responsibility to notify the Academy Trust 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 Trust 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 Trust Board of Trustees are able to identify any material 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 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.

N Blackburn
Accounting Officer



Date: 11 December 2014

HURWORTH PRIMARY SCHOOL
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 AUGUST 2014

The Trustees, who are also directors of the charitable company for the purpose of Company Law, are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the statement of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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; 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 Trustees 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 Trustees are responsible for ensuring that in its conduct and operation, the charitable company applies financial and other controls which conform with the requirements of both 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 Trustees 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.....11/12/14.....and signed on its behalf by:



G Fitzgerald
Chair of Trustees

HURWORTH PRIMARY SCHOOL
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 AUGUST 2014

We have audited the financial statements of Hurworth Primary School for the year ended 31 August 2014 on pages 18 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 trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (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 Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HURWORTH PRIMARY SCHOOL
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 AUGUST 2014

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees' were not entitled to prepare the financial statements in accordance with the small companies regime.



KEVIN ROONEY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Tenon House
Ferryboat Lane
Sunderland
SR5 3JN

Date: 11 DECEMBER 2014

HURWORTH PRIMARY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

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

FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total Period from 12 April 2012 to 31 August 2013 £
Incoming resources						
<i>Income resources from generated funds:</i>						
Voluntary income	2	8,698	-	10,110	18,808	14,364
Transfer from Local Authority on conversion	27	-	-	-	-	690,372
Investment income	4	274	-	-	274	337
Activities for generating funds	3	104,016	-	-	104,016	93,791
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	1,114,283	-	1,114,283	1,419,578
Total incoming resources		112,988	1,114,283	10,110	1,237,381	2,218,442
Resources expended						
<i>Cost of generating funds:</i>						
Cost of generating voluntary income		-	-	-	-	-
Fundraising trading		57,048	-	-	57,048	56,083
<i>Charitable activities:</i>						
Academy's educational operations	7	-	1,083,091	53,659	1,136,750	1,434,743
Governance costs	8	-	16,887	-	16,887	19,011
Total resources expended		57,048	1,099,978	53,659	1,210,685	1,509,837
Net incoming/ (outgoing) resources before transfers		55,940	14,305	(43,549)	26,696	708,605
Gross transfers between funds		(12,752)	(52,558)	65,310	-	-
Net income/(expenditure) for the year		43,188	(38,253)	21,761	26,696	708,605
Other recognised gains and losses:						
Actuarial losses on defined benefit pension schemes		-	58,000	-	58,000	(73,000)
Net movement in funds		43,188	19,747	21,761	84,696	635,605
Reconciliation of funds						
Total fund brought forward at 1 September 2013		21,105	(296,035)	910,535	635,605	-
Total fund balances carried forward at 31 August 2014		64,293	(276,288)	932,296	720,301	635,605

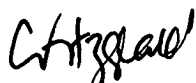
All of the Academy Trust's activities derive from continuing operations during the above two financial period.

The notes on pages 21 to 41 form part of these financial statements.

HURWORTH PRIMARY SCHOOL
BALANCE SHEET AS AT 31 AUGUST 2014
COMPANY NUMBER: 08028292

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	12		932,296		910,535
Current assets					
Stock	13	1,104		2,028	
Debtors	14	51,276		43,081	
Cash at bank and in hand		<u>285,787</u>		<u>275,252</u>	
		338,167		320,361	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(237,989)</u>		<u>(245,291)</u>	
Net current assets			<u>100,178</u>		<u>75,070</u>
Total assets less current liabilities			1,032,474		985,605
Creditors: amounts falling due after one year	16		(1,173)		-
Net assets excluding pension liability			<u>1,031,301</u>		<u>985,605</u>
Pension scheme liability			<u>(311,000)</u>		<u>(350,000)</u>
Net assets including pension liability			<u>720,301</u>		<u>635,605</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	17	932,296		910,535	
General fund	17	34,712		53,965	
Pension reserve	25	<u>(311,000)</u>		<u>(350,000)</u>	
Total restricted funds			656,008		614,500
Total unrestricted income funds	17		<u>64,293</u>		<u>21,105</u>
Total funds			<u>720,301</u>		<u>635,605</u>

The financial statements on pages 18 to 41 were approved by the Trustees and authorised for issue on 11/12/14 and are signed on their behalf by:



G Fitzgerald
Chair of Trustees

The notes on pages 21 to 41 form part of these financial statements.

HURWORTH PRIMARY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	20	75,571	261,671
Returns on investment and servicing of finance	21	274	337
Capital expenditure	22	(65,310)	(30,870)
Cash transferred on conversion to Academy Trust	27	-	44,114
Increase in cash in the year		10,535	275,252
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		<u>275,252</u>	-
Net funds at 31 August 2014		<u>285,787</u>	<u>275,252</u>

The notes on pages 21 to 41 form part of these financial statements.

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. Statement of 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 to 2014 issued by the Education Funding Agency and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust in the prior period involved the transfer of identifiable assets and liabilities and the operations of the school for £nil consideration and was accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Hurworth Primary School to an Academy Trust were valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value was in accordance with policies set out for Hurworth Primary School. The amounts were recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. The School land and buildings were transferred from Darlington Borough Council under a 125 year lease and were therefore recognised at fair value as an asset on conversion. The land was not included within this valuation on the basis that the value would be immaterial to the financial position.

Going concern

A decision was made by the Full Governing Body to transfer the academy into Heathfield Academy Trust on 1 September 2014. For this reason, the Governing Body have not prepared the Financial Statements on a going concern basis. The activity of the academy and its assets and liabilities were transferred to Heathfield Academy Trust at their book values and accordingly no material adjustments arose as a result of ceasing to apply the going concern basis.

Incoming resources

All incoming resources are recognised when the Academy Trust 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. 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 ('GAG') from the DfE, which is intended to meet the recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, to the extent of entitlement of funds, any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised as voluntary income 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.

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. Statement of Accounting Policies (*continued*)

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.

- **Other income**

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

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the year in which they are receivable as incoming resources, where the benefit to the Academy Trust 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 Trust's policies.

- **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 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.

- **Cost of generating funds**

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

- **Charitable activities**

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

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. Statement of Accounting Policies (*continued*)

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, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

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 basis over its expected useful lives, as follows:

Long leasehold buildings	- 50 years
Plant and Machinery	- 7 years
Furniture and equipment	- 7 years
Computer equipment	- 3 years

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. Impairment losses are recognised in the Statement of Financial Activities.

Leased Assets

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

Stock

Educational supplies stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust 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 Trust 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.

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. Statement of Accounting Policies (*continued*)

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings Related Pension Scheme ('SERPS') (until 2016), 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 trust 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 quadrennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the trust 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 Trust 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.

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 Trustees.

Restricted fixed asset 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.

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.

2. Voluntary Income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total Period from 12 April 2012 to 31 August 2013 £
DfE/EFA capital grant income	-	10,110	10,110	-
Donations and fundraising income –				
Music Room	3,597	-	3,597	9,221
Donations	3,800	-	3,800	2,223
Fundraising income	<u>1,301</u>	<u>-</u>	<u>1,301</u>	<u>2,920</u>
	<u>8,698</u>	<u>10,110</u>	<u>18,808</u>	<u>14,364</u>

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. Activities for Generating Funds

	Unrestricted funds	Restricted funds	Total 2014	Total Period from 12 April 2012 to 31 August 2013
	£	£	£	£
Lettings	14,835	-	14,835	15,085
School meals – pupils	51,300	-	51,300	52,458
School meals – staff and visitors	144	-	144	842
Sales – Music Room	-	-	-	705
Miscellaneous sales	<u>37,737</u>	<u>-</u>	<u>37,737</u>	<u>24,701</u>
	<u>104,016</u>	<u>-</u>	<u>104,016</u>	<u>93,791</u>

4. Investment Income

	Unrestricted funds	Restricted funds	Total 2014	Total Period from 12 April 2012 to 31 August 2013
	£	£	£	£
Bank interest	274	-	274	293
Bank interest received on school fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>
	<u>274</u>	<u>-</u>	<u>274</u>	<u>337</u>

5. Funding for Academy's Educational Operations

	Unrestricted funds	Restricted funds	Restricted fixed Asset funds	Total 2014	Total Period from 12 April 2012 to 31 August 2013
	£	£	£	£	£
DfE/EFA grants					
- General Annual Grant (GAG)	-	813,320	-	813,320	1,018,905
- Capital grants	-	-	-	-	2,660
- Other DfE/EFA Grants	<u>-</u>	<u>36,292</u>	<u>-</u>	<u>36,292</u>	<u>15,018</u>
	<u>-</u>	<u>849,612</u>	<u>-</u>	<u>849,612</u>	<u>1,036,583</u>
Other Government grants					
- Local Authority grants	<u>-</u>	<u>258,171</u>	<u>-</u>	<u>258,171</u>	<u>331,244</u>
	<u>-</u>	<u>258,171</u>	<u>-</u>	<u>258,171</u>	<u>331,244</u>
Non Government Grants					
- Other income	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>51,751</u>
	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>51,751</u>
	<u>-</u>	<u>1,114,283</u>	<u>-</u>	<u>1,114,283</u>	<u>1,419,578</u>

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. Resources Expended

	Staff costs £	Premises costs £	Other costs £	Total 2014 £	Total Period from 12 April 2012 to 31 August 2013 £
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	23,303	-	33,745	57,048	56,083
Academy's education operations:					
• Direct costs	700,173	53,659	65,590	819,422	1,036,638
• Allocated support costs	<u>125,742</u>	<u>50,234</u>	<u>141,352</u>	<u>317,328</u>	<u>398,105</u>
	849,218	103,893	240,687	1,193,798	1,490,826
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>16,887</u>	<u>16,887</u>	<u>19,011</u>
	<u>849,218</u>	<u>103,893</u>	<u>257,574</u>	<u>1,210,685</u>	<u>1,509,837</u>

Incoming/outgoing resources for the year include:

	2014 £	Total Period from 12 April 2012 to 31 August 2013 £
Fees payable to Baker Tilly UK Audit LLP and its associates for:		
• Audit	2,755	3,469
• Other services	1,850	1,881
Loss on disposal of fixed assets	-	230
Operating leases – other	<u>270</u>	<u>338</u>

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. Charitable Activities – Academy's Educational Operations

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £	Total Period from 12 April 2012 to 31 August 2013 £
Direct costs:					
Teaching and educational support staff costs	-	700,173	-	700,173	897,454
Depreciation	-	-	53,659	53,659	59,697
Loss on sale of fixed assets	-	-	-	-	230
Technology costs	-	7,832	-	7,832	11,239
Educational supplies	-	31,442	-	31,442	41,994
Staff development	-	7,511	-	7,511	3,392
Educational consultancy	-	18,805	-	18,805	22,632
	-	765,763	53,659	819,422	1,036,638
Allocated support costs:					
Support staff costs	-	125,742	-	125,742	191,722
Technology costs	-	26,938	-	26,938	32,464
Recruitment and support	-	-	-	-	254
Maintenance of premises and equipment	-	20,164	-	20,164	10,762
Cleaning	-	2,619	-	2,619	5,494
Rent and rates	-	9,078	-	9,078	13,645
Energy costs	-	18,373	-	18,373	19,717
Insurance	-	27,818	-	27,818	25,120
Security and transport	-	4,968	-	4,968	6,991
Catering	-	-	-	-	-
FRS 17 finance charges	-	10,000	-	10,000	13,000
Bank interest and charges	-	1,777	-	1,777	1,725
Other support costs	-	29,051	-	29,051	25,782
Outsourced management support services	-	40,800	-	40,800	51,429
	-	317,328	-	317,328	398,105
Total costs	-	1,083,091	53,659	1,136,750	1,434,743

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

8. Governance Costs

	Unrestricted funds	Restricted funds	Total 2014	Total Period from 12 April 2012 to 31 August 2013
	£	£	£	£
Legal and professional fees	-	12,282	12,282	9,003
Costs incurred relating to conversion	-	-	-	6,539
Auditors' remuneration:				
- Audit of financial statements	-	2,755	2,755	2,719
- Responsible officer assistance	-	1,850	1,850	750
Support staff costs	-	-	-	-
Governors reimbursed expenses	-	-	-	-
	-	16,887	16,887	19,011

9. Staff costs

Staff costs during the year were:

	Total 2014	Total Period from 12 April 2012 to 31 August 2013
	£	£
Wages and salaries	695,938	878,639
Social security costs	43,152	64,738
Pension costs	103,271	133,796
	842,361	1,077,173
Supply staff costs	6,857	36,681
Staff restructuring costs	-	3,500
	849,218	1,117,354

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Charitable activities		
Teachers	8	9
Teaching support	9	9
Administration and other support	7	8
Management	2	2
	26	28

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. Staff costs (continued)

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

	2014 No.	2013 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-

The employees noted above participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £nil (2013: £9,216).

10. Related Party Transactions – Trustees' Remuneration & Expenses

Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other governors did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of Trustees remuneration paid in respect of their teaching duties is disclosed for the year that they were Trustees and the value of this remuneration is shown below. We draw your attention to the fact that the comparative relates to a 15 month period of account (from conversion) and therefore the comparative disclosure is for a 15 month period.

S J Vening	£nil (2013: £75,000 - £80,000)
J P Dooris	£nil (2013: £60,000 - £65,000)
H Ferguson	£30,000 - £35,000 (2013: £30,000 - £35,000)
A Maddison	£45,000 - £50,000 (2013: £nil)

N Blackburn, the Executive Head Teacher, is employed by Heathfield Academy Trust. A recharge of £45,000 has been received from Heathfield Academy Trust in relation to these services.

During the year ended 31 August 2014 (2013: £nil), no expenses were reimbursed to governors.

Related party transactions involving the Trustees are set out in note 26.

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees 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 2014 was £611 (2013: £724).

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

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

12. Tangible Fixed Assets

	Leasehold buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2013	804,000	109,017	57,215	970,232
Additions	57,889	10,875	6,656	75,420
Disposals	-	-	-	-
At 31 August 2014	861,889	119,892	63,871	1,045,652
Depreciation				
At 1 September 2013	20,100	16,480	23,117	59,697
Charged in year	17,416	16,217	20,026	53,659
Disposals	-	-	-	-
At 31 August 2014	37,516	32,697	43,143	113,356
Net book values				
At 31 August 2014	<u>824,373</u>	<u>87,195</u>	<u>20,728</u>	<u>932,296</u>
At 31 August 2013	<u>783,900</u>	<u>92,537</u>	<u>34,098</u>	<u>910,535</u>

13. Stock

	2014 £	2013 £
Stationery, educational and catering supplies	<u>1,104</u>	<u>2,028</u>

14. Debtors

	2014 £	2013 £
Trade debtors	88	-
Other debtors	19,309	12,827
Prepayments and accrued income	<u>31,879</u>	<u>30,254</u>
	<u>51,276</u>	<u>43,081</u>

All amounts shown within debtors fall due for repayment within one year.

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

15. Creditors: amounts falling during within one year

	2014	2013
	£	£
Trade creditors	35,054	25,286
Other creditors	10,496	34,758
Taxation and social security	12,877	15,411
Accruals and deferred income	178,390	169,836
EFA GAG abatement	<u>1,172</u>	<u>-</u>
	<u>237,989</u>	<u>245,291</u>

Deferred income

Deferred income at 1 September	161,143	-
Amount released from previous year	(161,143)	-
Incoming resources deferred in the year	<u>162,287</u>	<u>161,143</u>
Deferred income at 31 August	<u>162,287</u>	<u>161,143</u>

At the balance sheet date the Academy held funding received in advance in respect of High Needs funding, LIN funding, Infant Free School Meals grant and rates refunds.

16. Creditors: amounts falling due after one year

	Total	Total
	2014	2013
	£	£
EFA GAG abatement	<u>1,173</u>	<u>-</u>

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

17. Funds

	Balance at 1 September 2013 £	Income resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	1,407	813,320	(784,765)	-	29,962
Local Authority grants	-	258,171	(258,171)	-	-
Other income	-	6,500	(1,750)	-	4,750
Other DfE/EFA grants	-	36,292	(36,292)	-	-
Music Room Fund	52,558	-	-	(52,558)	-
Pension reserve	<u>(350,000)</u>	<u>-</u>	<u>(19,000)</u>	<u>58,000</u>	<u>(311,000)</u>
	<u>(296,035)</u>	<u>1,114,283</u>	<u>(1,099,978)</u>	<u>5,442</u>	<u>(276,288)</u>
Restricted fixed asset funds					
Transfer from local authority	882,156	-	(48,010)	-	834,146
Capital grants	169	10,110	(559)	-	9,720
Assets purchased from other funds	<u>28,210</u>	<u>-</u>	<u>(5,090)</u>	<u>65,310</u>	<u>88,430</u>
	<u>910,535</u>	<u>10,110</u>	<u>(53,659)</u>	<u>65,310</u>	<u>932,296</u>
Total restricted funds	<u>614,500</u>	<u>1,124,393</u>	<u>(1,153,637)</u>	<u>70,752</u>	<u>656,008</u>
Unrestricted funds					
General funds	<u>21,105</u>	<u>112,988</u>	<u>(57,048)</u>	<u>(12,752)</u>	<u>64,293</u>
Total funds	<u>635,605</u>	<u>1,237,381</u>	<u>(1,210,685)</u>	<u>58,000</u>	<u>720,301</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Other DfE/EFA grants and Local Authority grants include Pupil Premium funding, SEN funding, ILS Transfers funding and Low Incidence Needs funding.

Other income includes parent contributions to school trips, training course income and supply teacher insurance claims.

The Music Room Fund is income received through fundraising and parent contributions for the purpose of a music room. During the year, subsequent to consultation with parents, the fund was used to purchase a MUGA facility. A transfer of funds was therefore completed between restricted funds and restricted fixed asset funds.

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 LGPS, and the pension liability has therefore been aligned with these funds.

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus capital grants acquired on conversion.

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17. Funds (continued)

Unrestricted funds can be used for any purpose at the discretion of the academy.

The deficit on funds at 31 August 2014 is attributable to the LGPS deficit only.

18. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2014 £	Total Funds 2013 £
Tangible fixed assets	-	-	932,296	932,296	910,535
Current assets	64,293	273,874	-	338,167	320,361
Current liabilities	-	(237,989)	-	(237,989)	(245,291)
Long term liabilities	-	(1,173)	-	(1,173)	-
Pension scheme liability	-	(311,000)	-	(311,000)	(350,000)
Total net assets	64,293	(276,288)	932,296	720,301	635,605

19. Financial Commitments

Operating Leases

At 31 August 2014 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	270	270
Expiring in over five years	-	-
	270	270

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20. Reconciliation of net income to net cash inflow from operating activities

	2014 £	2013 £
Net income for the year	26,696	708,605
Depreciation (note 12)	53,659	59,697
Interest receivable	(274)	(337)
Fixed assets donated by Local Authority in the year	-	(939,592)
FRS17 pension cost less contributions payable	9,000	(8,000)
FRS 17 pension finance cost	10,000	13,000
Increase in stock	924	(2,028)
(Increase) in debtors	(8,195)	(43,081)
Increase in creditors	(6,129)	245,291
Transfer from local authority on conversion	-	227,886
Loss on disposal of fixed asset	-	230
Capital grants received	<u>(10,110)</u>	<u>-</u>
Net cash inflow from operating activities	<u>75,571</u>	<u>261,671</u>

21. Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	<u>274</u>	<u>337</u>

22. Capital expenditure

	2014 £	2013 £
Capital grants received	10,110	-
Purchase of tangible fixed assets	<u>(75,420)</u>	<u>(30,870)</u>
Net cash outflow from capital expenditure	<u>(65,310)</u>	<u>(30,870)</u>

23. Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	<u>275,252</u>	<u>10,535</u>	<u>285,787</u>

24. Members' Liabilities

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

HURWORTH PRIMARY SCHOOL
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25. Pension and similar obligations

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

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

Contributions amounting to £10,349 were payable to the schemes at 31 August 2014 and are included within creditors.

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 are being discussed in the context of the design for a reformed TPS, 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 PRIMARY SCHOOL
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25. Pension and similar obligations (*continued*)

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 will range 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 of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee 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 TPA with a new 2015 scheme.

The employer pension costs paid to TPS in the year amounted to £49,622.

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 PRIMARY SCHOOL
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25. Pension 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 £61,000 (2013: £90,000), of which employer's contributions totalled £47,000 (2013: £70,000) and employees' contribution totalled £14,000 (2013: £20,000). The agreed rates for future years are 14.2% for employers and between 5.5% and 12.5% for employees.

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 PRIMARY SCHOOL
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25. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected Return at 31 August 2014	Fair value at 31 August 2014	Expected return at 31 August 2013	Fair value at 31 August 2013
Equities	7.5	278,108	7.9	210,002
Property	6.8	33,132	7.4	27,580
Government bonds	2.9	130,520	3.4	110,320
Corporate bonds	3.3	43,172	4.1	37,036
Cash	1.1	<u>17,068</u>	0.9	<u>9,062</u>
TOTAL FAIR VALUE OF ASSETS		502,000		394,000
 Present value of scheme liabilities - Funded		 <u>(813,000)</u>		 <u>(744,000)</u>
 DEFICIT IN THE SCHEME		 <u>(311,000)</u>		 <u>(350,000)</u>

The actual return on scheme assets was a gain of £47,000 (2013: £41,000).

The Academy 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.

<u>Amounts recognised in the statement of financial activities</u>	2014 £	2013 £
Current service cost	56,000	62,000
Past service cost	<u>-</u>	<u>-</u>
Total operating charge	<u>56,000</u>	<u>62,000</u>
 Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	25,000	20,000
Interest on pension liabilities	<u>(35,000)</u>	<u>(33,000)</u>
 Pension finance costs	 <u>(10,000)</u>	 <u>(13,000)</u>

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. Pension 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 £15,000 (2013: loss of £73,000).

Movements in the present value of defined benefit obligations were as follows:	2014 £	2013 £
Opening defined benefit obligation	744,000	-
Transfer on conversion	-	536,000
Current service cost	56,000	62,000
Interest cost	35,000	20,000
Employee contributions	14,000	33,000
Actuarial (gain)/loss	(36,000)	94,000
Benefits paid out	-	(1,000)
At 31 August	<u>813,000</u>	<u>744,000</u>

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

Opening fair value of scheme assets	394,000	-
Transfer on conversion	-	264,000
Expected return on assets	25,000	20,000
Actuarial gain	22,000	21,000
Employer contributions	47,000	70,000
Employee contributions	14,000	20,000
Benefits paid out	-	(1,000)
At 31 August	<u>502,000</u>	<u>394,000</u>

Employer contributions for the year ended 31 August 2015 are expected to be £39,000 (2014: £58,000).

HURWORTH PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows:

	2014 £	2013 £	2012 £
Present value of defined benefit obligations	(813,000)	(744,000)	(536,000)
Fair value of share of scheme assets	<u>502,000</u>	<u>394,000</u>	<u>264,000</u>
Deficit in the scheme	<u>(311,000)</u>	<u>(350,000)</u>	<u>(272,000)</u>
Experience adjustments on share of scheme assets:	4.4%	5.3%	
Amount	22,000	21,000	
Experience adjustments on scheme liabilities:			
	-3.2%	0.0%	
Amount	(26,000)	-	

26. Related Party Transactions

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

No related party transactions occurred in the financial year.

HURWORTH PRIMARY SCHOOL
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27. Conversion to an Academy Trust

In the prior period, Hurworth Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hurworth Primary School from Darlington Borough Council for £nil consideration.

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
Fixed assets	-	-	939,592	939,592
Budget deficit on LA funds	(21,334)	-	-	(21,334)
Surplus on school fund	-	44,114	-	44,114
LGPS pension deficit	-	(272,000)	-	(272,000)
Net assets/(liabilities)	(21,334)	(227,886)	939,592	690,372

Included in the above table is the budget deficit on conversion owed to the Darlington Borough Council of £21,334. This debt was assigned by Darlington Borough Council to the EFA and was therefore payable to the EFA.

28. Post balance sheet events

As disclosed within note 1 of the financial statements, on 1 September 2014 the academy became part of a Multi Academy Trust ('MAT') with Heathfield Primary School. As both academies are operating in a single company as of 1 September 2014, Hurworth Primary School has ceased to operate as a company since the year end and the company will be dissolved in due course. The trade, assets and liabilities of the company were transferred to Heathfield Academy Trust as of that date.