

Registration number 08411590

Biggin Hill Primary Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 20 February 2013 to 31 August 2013

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COMPANIES HOUSE

Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Biggin Hill Primary Academy

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Biggin Hill Primary Academy

Reference and Administrative Details

Governors and Trustees (Directors)	Mr A Chaffey, Principal (i) (ii) (appointed 1 April 2013)
	Mrs K Cutler, Chair (i) (ii) (appointed 20 February 2013)
	Mr R Marsden, Vice Chair (i) (appointed 20 February 2013)
	Ms C Stevenson, (i) (appointed 20 February 2013)
	Mr P Plumb, Staff Governor (ii) (appointed 1 April 2013)
	Ms R Bloom, (ii) (appointed 7 May 2013)
	Mrs I Clarke, Staff Governor (ii) (appointed 7 May 2013)
	Mr R Grannon (appointed 7 May 2013)
	Cllr A Harrison, (ii) (appointed 7 May 2013)
	Mrs G Hodgson, Staff Governor (i) (appointed 7 May 2013)
	Ms T Dingle, (ii) (appointed 4 June 2013)
	Mr R Sippel, (i) (appointed 4 June 2013)

(i) member of the Finance & Resources Committee

(ii) member of the Learning & Teaching Committee

Company Secretary Mrs G Sleightholme

Senior Management Team

Mr A Chaffey, Principal
Mr S Clark, Vice Principal
Mrs L Emerson, Assistant Principal

Principal and Registered Office

Biggin Avenue
Hull
HU7 4RL

Company Registration Number 08411590

Auditors

Forrester Boyd Robson Limited
Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Bankers

Lloyds Banking Group
1 - 7 George Street
Hull
HU1 3BB

Solicitors

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2013

Discussion on conversion to academy trust

On 1 April 2013 the Biggin Hill Primary School converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to Biggin Hill Primary Academy from the Kingston Upon Hull Local Authority for £Nil consideration

The transfer has been 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 in the Statement of Financial Activities as voluntary income

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 08411590. The company was incorporated on 20 February 2013 and commenced to trade on 1 April 2013.

The governors act as the trustees for the charitable activities of Biggin Hill Primary Academy and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is 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.

Trustees' indemnities

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees. The insurance provides cover up to £2,000,000 on any one claim.

Principal activities

The principal object and activity of the charitable company is the operation of Biggin Hill Primary Academy, Hull, to provide education for students of different abilities between the ages of 3 and 11.

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

Method of recruitment and appointment or election of Trustees

The company's Memorandum and Articles of Association are the primary governing documents of the Academy. The number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members may appoint up to 16 Governors and must have a minimum of 2 Parent Governors.

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

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

The Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of pupils at the Academy at the time when he/she is elected.

The Secretary of State may also appoint additional Governors if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy. The Secretary of State has not appointed any additional Governors.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Organisational structure

The Academy structure now consists of the Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for approving policies, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments.

The Senior Leadership Team members are the Principal, Vice Principal and Assistant Principal. These managers lead the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Principal, or Vice Principal, sign all purchase orders and authorise all payments / spending within the Academy.

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected organisations, including related party relationships

Biggin Hill Primary Academy is an individual converter Academy which is a member of the Bransholme and District Academies Partnership.

Objectives and activities

Objects and aims

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

The main aims of the Academy during the year ended 31 August 2013 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all students,
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

Objectives, strategies and activities

The Academy also provides the following activities

- tuition and learning opportunities for all students to attain appropriate academic qualifications,
- training opportunities for all staff,
- a programme of sporting and after school leisure activities for all students,
- a system of after school clubs, and
- a programme of enrichment opportunities for all students

Public benefit

The Academy provides educational services to all children in the local area. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The primary purpose of Biggin Hill Primary Academy is the advancement of education within Hull, East Yorkshire. To this end, it now runs as an Academy aspiring towards the highest possible standards for approximately 570 students aged 3 - 11.

Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational activities and extracurricular activities, the Academy aims to contribute considerable benefit to the local community.

The Academy involves the community in the following activities:

- Access to sport facilities
- Adult learning opportunities
- Family learning opportunities

The Academy has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the Academy can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The aforementioned objectives, activities, achievements and performance further serve to emphasise the benefit the Academy brings to the public.

The Trustees have considered the impact of the public benefit requirement including the guidance issued by the Charity Commission.

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

Achievements and performance

Biggin Hill Primary School converted to an academy on 1st April 2013

The SATs results for May 2013 are as follows

End of Key Stage 2 Results Number of eligible children = 65

Subject Area	Level 4+		Level 5+	
	School Results	National Results	School Results	National Results
Grammar Punctuation & Spelling	77%	74%	43%	47%
Reading	98%	86%	68%	44%
Writing	86%	83%	42%	30%
Maths	97%	85%	45%	41%
Reading, Writing & Maths Combined	86%	75% (floor standards = 60%)	31%	21%

Level 6		
Maths	School Results = 5%	National Results = 6%

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

End of Key Stage 1 Results

Number of eligible children = 84

	Level 2+		Level 2b+		Level 3+	
Subject Area	School Results	National Results	School Results	National Results	School Results	National Results
Reading	93%	89%	79%	79%	28%	29%
Writing	88%	85%	70%	67%	15%	15%
Mathematics	96%	91%	74%	78%	21%	23%

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust 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 Statement of Accounting Policies.

Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2013, total expenditure of £1,048,620 was more than covered by the recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period was £76,777 before gains/losses and excluding the transfer on conversion.

At 31 August 2013 the net book value of fixed assets was £5,376,930 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and associated support services to the students of the Academy.

The Academy's staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £874,000. The provisions of Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) have been applied in full.

Principal risks and uncertainties

The principal risk and uncertainties are centred around changes in the level of funding from the DfE/EFA. In addition the Academy is a member of the Local Government Pension Scheme (LGPS), which may result in significant movements each year.

Biggin Hill Primary Academy

Trustees' Report for the period from 20 February 2013 to 31 August 2013

Financial and risk management objectives and policies

The Academy is subject to a number of risks and uncertainties in common with other academies. The Academy has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report and in the Governance Statement.

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 amount of free reserves that can be held is not limited by the DfE. Trustees will agree a more detailed policy on all reserves during 2013/2014.

Investment policy

The Trustees agree all investments made by the Academy. Investments are currently restricted to deposit and money market accounts in all UK banks.

Plans for future periods

The Academy will continue striving to improve the levels of performance of its students at all levels by ensuring that the main objectives are achieved.

Auditor

In so far as the Trustees are aware:

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

Approved by order of the on 16 December 2013 and signed on its behalf by



Mrs K Cutler
Governor and trustee

Biggin Hill Primary Academy

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mr A Chaffey, 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 Biggin Hill Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 2 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Chaffey	2	2
Mrs K Cutler	2	2
Mr R Marsden	2	2
Ms C Stevenson	0	2
Mr P Plumb	2	2
Ms R Bloom	1	2
Mrs I Clarke	1	2
Mr R Grannon	1	1
Ms T Dingler	1	2
Mr R Sippel	1	2
Mrs G Hodgson		

The Finance and Resources Committee is a sub-committee of the main Governing Body. Its purpose is to monitor closely the financial performance of the Academy. Attendance at meetings during the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Chaffey	1	1
Mrs K Cutler	1	1
Mrs G Hodgson	1	1
Mr R Marsden	1	1
Mr R Sippel	1	1
Ms C Stevenson	1	1

Biggin Hill Primary Academy

Governance Statement

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 Trust 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 Biggin Hill Primary Academy for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The 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 Governing Body,
- regular reviews by the Finance and Resources 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 Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Forrester Boyd Robson Limited, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the RO to date.

Review of effectiveness

As Accounting Officer, Mr A Chaffey, Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

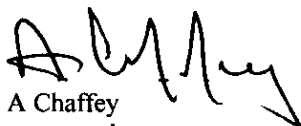
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Biggin Hill Primary Academy

Governance Statement

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 16 December 2013 and signed on its behalf by



Mr A Chaffey
Governor and trustee



Mrs K Cutler
Governor and trustee

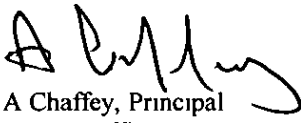
Biggin Hill Primary Academy

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust Governing Body are able to identify any 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.



Mr A Chaffey, Principal
Accounting officer

16 DECEMBER 2013

Biggin Hill Primary Academy

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 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 Trustees are required to

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

The 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 both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The 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 on 16 December 2013 and signed on its behalf by



Mrs K Cutler
Governor and trustee

Biggin Hill Primary Academy

Independent Auditor's Report on the Financial Statements to the members of Biggin Hill Primary Academy

We have audited the financial statements of Biggin Hill Primary Academy for the period from 20 February 2013 to 31 August 2013, 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), the trustees (who 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

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 charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

Biggin Hill Primary Academy

Independent Auditor's Report on the Financial Statements to the members of Biggin Hill Primary Academy

- 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 trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Forrester Boyd Robson Ltd

Michael Beckett BA FCA (Senior Statutory Auditor)

For and on behalf of Forrester Boyd Robson Limited, Statutory Auditor

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Date *17/12/2013*

Biggin Hill Primary Academy

Independent Auditor's Assurance Report on Regularity to Biggin Hill Primary Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 20 June 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Biggin Hill Primary Academy during the period 20 February 2013 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body and the 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 the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 28 March 2013 and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 period from 20 February 2013 to 31 August 2013 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 Annual Accounts Direction issued by the Education Funding Agency. 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 trust's income and expenditure

The work undertaken to draw to our conclusion includes

- Evaluating the systems and control environment,
- Assessing the risk of irregularity, impropriety and non-compliance,
- Confirming that the activities of the Academy trust are in keeping with the Academy's framework and the charitable objectives,
- Obtaining representations from the Accounting Officer and Key Management personnel

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 period from 20 February 2013 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Biggin Hill Primary Academy

**Independent Auditor's Assurance Report on Regularity to Biggin Hill Primary
Academy and the Education Funding Agency**

Forrester Boyd Robson Ltd

Michael Beckett BA FCA

For and on behalf of Forrester Boyd Robson Limited, Chartered Accountants

Kingfisher Court
Plaxton Bridge Road
Woodmansey
Beverley
HU17 0RT

Date *17/12/2013*

Biggin Hill Primary Academy

Statement of Financial Activities for the Period from 20 February 2013 to 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Transfer on conversion	2	251,867	(902,000)	5,355,000	4,704,867
Other voluntary income	2	9,447	-	-	9,447
Activities for generating funds	3	4,605	-	-	4,605
Investment income	4	139	-	-	139
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	5	-	1,107,172	4,034	1,111,206
Total incoming resources		266,058	205,172	5,359,034	5,830,264
Resources expended					
<i>Cost of generating funds</i>					
Costs of generating voluntary income		6,161	-	-	6,161
<i>Charitable activities</i>					
Academy's educational operations		-	1,026,132	1,320	1,027,452
Governance costs	8	-	15,007	-	15,007
Total resources expended	6	6,161	1,041,139	1,320	1,048,620
Net incoming/(outgoing) resources before transfers		259,897	(835,967)	5,357,714	4,781,644
Gross transfers between funds		(24,731)	5,515	19,216	-
Net income/(expenditure) for the period		235,166	(830,452)	5,376,930	4,781,644
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	24	-	29,000	-	29,000
Net movement in funds/(deficit)		235,166	(801,452)	5,376,930	4,810,644
Reconciliation of funds					

Biggin Hill Primary Academy

Statement of Financial Activities for the Period from 20 February 2013 to 31 August 2013

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £
Funds/(deficit) carried forward at 31 August 2013		<u>235,166</u>	<u>(801,452)</u>	<u>5,376,930</u>	<u>4,810,644</u>

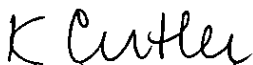
All of the Academy's activities derive from acquisitions in the current financial period

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Biggin Hill Primary Academy
(Registration number: 08411590)
Balance Sheet as at 31 August 2013

	Note	31 August 2013 £
Fixed assets		
Tangible assets	12	5,376,930
Current assets		
Debtors	13	142,664
Cash at bank and in hand		<u>439,406</u>
		582,070
Creditors Amounts falling due within one year	14	<u>(274,356)</u>
Net current assets		<u>307,714</u>
Total assets less current liabilities		<u>5,684,644</u>
Net assets excluding pension liability		5,684,644
Pension scheme liability	24	<u>(874,000)</u>
Net assets including pension liability		<u><u>4,810,644</u></u>
Funds of the Academy:		
Restricted funds		
Restricted general fund		72,548
Restricted fixed asset fund		5,376,930
Restricted pension fund		<u>(874,000)</u>
		4,575,478
Unrestricted funds		
Unrestricted general fund		<u>235,166</u>
Total funds		<u><u>4,810,644</u></u>

The financial statements on pages 18 to 43 were approved by the Trustees, and authorised for issue on 16 December 2013 and signed on their behalf by



Mrs K Cutler
Governor and trustee

Biggin Hill Primary Academy

Cash Flow Statement for the Period from 20 February 2013 to 31 August 2013

	Note	31 August 2013 £
Net cash inflow from operating activities	18	6,065,350
Cash transferred on conversion to an academy trust		(251,867)
Returns on investments and servicing of finance	19	139
Capital expenditure and financial investment	20	<u>(5,374,216)</u>
Increase in cash in the period	21	<u><u>439,406</u></u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	439,406
Net funds at 20 February 2013	<u>-</u>
Net funds at 31 August 2013	<u><u>439,406</u></u>

All of the cash flows are derived from acquisitions in the current financial period

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Annual Accounts Direction 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 involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Biggin Hill Primary Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

The trustees 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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

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 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

Sponsorship income provided to the Academy Trust 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.

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

1 Accounting policies (continued)

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 period 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 period 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 Academy Trust's policies

Resources expended

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

All resources expended are inclusive of irrecoverable VAT

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

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

Asset class	Depreciation method and rate
Leasehold Land & Buildings	Over the residual period of the lease
Computer Equipment	33% on a straight line basis

Leased assets

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

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.

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

1 Accounting policies (continued)

Pension 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'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy 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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
Transfer on conversion	251,867	(902,000)	5,355,000	4,704,867
Other voluntary income				
Educational trips and visits	7,781	-	-	7,781
Other donations	1,666	-	-	1,666
	<u>9,447</u>	<u>-</u>	<u>-</u>	<u>9,447</u>
Total voluntary income	<u>261,314</u>	<u>(902,000)</u>	<u>5,355,000</u>	<u>4,714,314</u>

3 Activities for generating funds

	Unrestricted funds £	Total 2013 £
Catering income	902	902
Other sales	3,703	3,703
	<u>4,605</u>	<u>4,605</u>

4 Investment income

	Unrestricted funds £	Total 2013 £
Interest Received	<u>139</u>	<u>139</u>

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

5 Funding for Academy's educational operations

	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
DfE/EFA capital grants			
Devolved Capital Funding	-	4,034	4,034
DfE/EFA revenue grants			
General Annual Grant	899,296	-	899,296
Pupil Premium	110,775	-	110,775
Start Up Grant	25,000	-	25,000
	<u>1,035,071</u>	<u>-</u>	<u>1,035,071</u>
Other government grants			
SEN and Early Years Funding	72,101	-	72,101
Total grants	<u>1,107,172</u>	<u>4,034</u>	<u>1,111,206</u>

6 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2013 £
Costs of generating voluntary income	-	-	6,161	6,161
Academy's educational operations				
Direct costs	758,030	-	51,522	809,552
Allocated support costs	54,198	65,756	97,946	217,900
	<u>812,228</u>	<u>65,756</u>	<u>149,468</u>	<u>1,027,452</u>
Governance costs including allocated support costs	-	-	15,007	15,007
	<u>812,228</u>	<u>65,756</u>	<u>170,636</u>	<u>1,048,620</u>

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

6 Resources expended (continued)

Net incoming/outgoing resources for the period include:

	31 August 2013 £
Operating leases	2,060
Fees payable to auditor - audit	5,060
- other audit services	1,300

7 Charitable activities - Academy's educational operations

	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
Direct costs			
Teaching and educational support staff costs	758,030	-	758,030
Educational supplies	46,135	-	46,135
Staff development	2,037	-	2,037
Educational consultancy	3,350	-	3,350
	<u>809,552</u>	<u>-</u>	<u>809,552</u>
Allocated support costs			
Support staff costs	68,198	-	68,198
FRS 17 service cost adjustment	(14,000)	-	(14,000)
Depreciation	-	1,320	1,320
Maintenance of premises and equipment	13,179	-	13,179
Cleaning	11,544	-	11,544
Rent, rates and utilities	22,422	-	22,422
Insurance	17,291	-	17,291
Recruitment and support	136	-	136
Security and transport	1,045	-	1,045
Catering	50,194	-	50,194
Expected return on scheme assets	(9,000)	-	(9,000)
Interest on defined benefit pension scheme	24,000	-	24,000
Other support costs	31,571	-	31,571
	<u>216,580</u>	<u>1,320</u>	<u>217,900</u>
	<u>1,026,132</u>	<u>1,320</u>	<u>1,027,452</u>

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

8 Governance costs

	Restricted funds £	Total 2013 £
Legal and professional fees	8,647	8,647
Auditors' remuneration		
Audit of financial statements	5,060	5,060
Other audit services	1,300	1,300
	<u>15,007</u>	<u>15,007</u>

9 Staff costs

	2013 £
Staff costs during the period were:	
Wages and salaries	667,777
Social security costs	43,472
Pension costs	100,979
	<u>812,228</u>

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

	31 August 2013 No
Charitable Activities	
Teachers	24
Administration and support	43
Management	3
	<u>70</u>

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

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

9 Staff costs (continued)

	31 August 2013 No
£70,001 - £80,000	<u>1</u>

1 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £4,327.

10 Trustees' remuneration and expenses

The Principal and 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 trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

Mr A Chaffey (Principal) £30,000 - £35,000

Mrs G Hodgson (Teacher) £15,000 - £20,000

Mrs I Clarke (Teachers Aide) £5,000 - £10,000

Mr P Plumb (Teachers Aide) £0 - £5,000

The remuneration value is the amount received for a 5 month period.

During the period ended 31 August 2013, travel and expenses totalling £Nil were reimbursed to 0 trustees.

Related party transactions involving the trustees are set out in note 25.

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 period ended 31 August 2013 was £Nil.

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

The cost of this insurance has been reimbursed by the EFA.

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Total £
Cost			
Additions	-	23,250	23,250
Inherited assets	5,355,000	-	5,355,000
At 31 August 2013	5,355,000	23,250	5,378,250
Depreciation			
Charge for the year	-	1,320	1,320
At 31 August 2013	-	1,320	1,320
Net book value			
At 31 August 2013	5,355,000	21,930	5,376,930

13 Debtors

	31 August 2013 £
Prepayments	44,359
Accrued grant and other income	72,548
VAT recoverable	25,757
	<u>142,664</u>

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

14 Creditors: amounts falling due within one year

	31 August 2013 £
Trade creditors	120,079
Other taxation and social security	60,491
Other creditors	1,476
Pension scheme creditor	63,383
Accruals	5,060
Deferred income	<u>23,867</u>
	<u><u>274,356</u></u>
	31 August 2013 £
Resources deferred in the period	<u><u>23,867</u></u>

Deferred income relates to capital income funding and insurance funding received for the period April 2013 to March 2014

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

15 Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted general funds				
General Annual Grant	899,296	(916,036)	16,740	-
Pupil Premium	110,775	(66,825)	-	43,950
SEN & Early Years Funding	72,101	(43,503)	-	28,598
Start Up Grant	25,000	(13,775)	(11,225)	-
	<u>1,107,172</u>	<u>(1,040,139)</u>	<u>5,515</u>	<u>72,548</u>
Restricted fixed asset funds				
DfE Capital Grant	4,034	-	-	4,034
Donated Assets from Local Authority	5,355,000	-	-	5,355,000
Expenditure transferred from GAG	-	(1,320)	19,216	17,896
	<u>5,359,034</u>	<u>(1,320)</u>	<u>19,216</u>	<u>5,376,930</u>
Restricted pension funds				
Pension Liability	<u>(902,000)</u>	<u>(1,000)</u>	<u>29,000</u>	<u>(874,000)</u>
Total restricted funds	5,564,206	(1,042,459)	53,731	4,575,478
Unrestricted funds				
Unrestricted general funds	<u>266,058</u>	<u>(6,161)</u>	<u>(24,731)</u>	<u>235,166</u>
Total funds	<u>5,830,264</u>	<u>(1,048,620)</u>	<u>29,000</u>	<u>4,810,644</u>

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

15 Funds (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy

SEN funding is provided for the provision of services for children with special educational needs

Pupil Premium Grant, which may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools, and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year

Devolved capital allocated direct by the DfE must be spent on capital purposes

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to these additions

The donated assets income represents the transfer of leasehold assets valued at £5,355,000 per a valuation in October 2013 by Eddisons Chartered Surveyors, into the Academy Trust on conversion to academy status depreciated over a 125 year period

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 2013

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	4,034	5,372,896	5,376,930
Current assets	235,166	337,223	9,681	582,070
Current liabilities	-	(268,709)	(5,647)	(274,356)
Pension scheme liability	-	(874,000)	-	(874,000)
Total net assets	<u>235,166</u>	<u>(801,452)</u>	<u>5,376,930</u>	<u>4,810,644</u>

17 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

17 Financial commitments (continued)

Operating leases which expire:

Other

Within two to five years

**31 August
2013
£**

8,166

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

**31 August
2013
£**

Net income	4,781,644
Depreciation	1,320
Cash transferred on conversion to an academy trust	251,867
Donated capital and capital grants	(4,034)
Interest receivable	(139)
FRS 17 expected return on scheme assets	(9,000)
FRS 17 interest on defined benefit pension scheme	24,000
FRS17 service cost adjustment	(14,000)
Increase in debtors	(142,664)
Increase in creditors	274,356
Inherited Pension	902,000
Net cash inflow from operating activities	<u>6,065,350</u>

19 Returns on investments and servicing of finance

**31 August
2013
£**

Interest received	<u>139</u>
Net cash inflow from returns on investments and servicing of finance	<u>139</u>

20 Capital expenditure and financial investment

**31 August
2013
£**

Purchase of tangible fixed assets	(23,250)
Capital grants from DfE	4,034
Fixed Assets Transferred	<u>(5,355,000)</u>
Net cash outflow from capital expenditure and financial investment	<u>(5,374,216)</u>

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

21 Analysis of changes in net funds

	Cash flows	At 31 August 2013
	£	£
Cash at bank and in hand	<u>439,406</u>	<u>439,406</u>

22 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by the reference to

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- b) the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State under the funding agreement

23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is 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

24 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 East Riding Pension Fund Both are defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period Contributions amounting to £63,383 were payable to the schemes at 31 August and are included within creditors

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 review, 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.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

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

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 period ended 31 August 2013 was £73,000, of which employer's contributions totalled £62,000 and employees' contributions totalled £11,000. The agreed contribution rates for future years are 33.3 per cent for employers and 5.5 - 7.5 per cent for employees.

As described in the notes the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2013
	%
Rate of increase in salaries	5 10
Rate of increase for pensions in payment/inflation	2 80
Discount rate for scheme liabilities	<u>4 60</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below

	+ 0.5%	0.0%	- 0.5%
Adjustment to discount rate	£	£	£
Present value of total obligation	<u>-</u>	<u>-</u>	<u>188,000</u>
Adjustment to rate of salary growth	+ 0.5%	0.0%	- 0.5%
	£	£	£
Present value of total obligation	<u>100,000</u>	<u>-</u>	<u>-</u>
Adjustment to mortality age rating assumption	+ 1 Year	None	- 1 Year
	£	£	£
Present value of total obligation	<u>40,000</u>	<u>-</u>	<u>-</u>

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

	At 31 August 2013
Retiring today	
Males retiring today	22 90
Females retiring today	25 70
Retiring in 20 years	
Males retiring in 20 years	24 90
Females retiring in 20 years	<u>27 70</u>

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

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

	At 31 August 2013 £
Equities	350,000
Other bonds	46,000
Property	27,000
Cash	<u>32,000</u>
Total market value of assets	455,000
Present value of scheme liabilities - funded	<u>(1,329,000)</u>
Deficit in the scheme	<u><u>(874,000)</u></u>

The expected rates of return were

	At 31 August 2013 %
Equities	6.70
Other bonds	3.80
Property	4.70
Cash	<u>3.60</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £5,000

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	31 August 2013 £
Current service cost	48,000
Total operating charge	<u>48,000</u>

Analysis of pension finance income/(costs)

	31 August 2013 £
Expected return on pension scheme assets	9,000
Interest on pension liabilities	<u>(24,000)</u>
Pension finance costs	<u>(15,000)</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is £29,000

Movements in the present value of defined benefit obligation

	31 August 2013 £
At 20 February	1,280,000
Current service cost	48,000
Interest cost	24,000
Employee contributions	11,000
Actuarial gains	<u>(34,000)</u>
At 31 August	<u>1,329,000</u>

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

	31 August 2013 £
At 20 February	378,000
Expected return on assets	9,000
Actuarial losses	(5,000)
Employer contributions	62,000
Employee contributions	<u>11,000</u>
At 31 August	<u>455,000</u>

The estimated value of employer contributions for next period is £147,000

Biggin Hill Primary Academy

Notes to the Financial Statements for the Period from 20 February 2013 to 31 August 2013

24 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current period are as follows

	31 August 2013 £
Present value of scheme liabilities	(1,329,000)
Fair value of scheme assets	455,000
Deficit in the scheme	<u>(874,000)</u>

25 Related party transactions

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

There were no related party transactions in the period.

26 Conversion to an academy trust

On 1 April 2013 the Biggin Hill Primary School converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to Biggin Hill Primary Academy from the Kingston Upon Hull Local Authority for £Nil consideration.

The transfer has been 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 in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets				
Freehold/leasehold land and buildings	-	-	5,355,000	5,355,000
Budget surplus on LA funds	244,935	-	-	244,935
Budget surplus on other school funds	6,932	-	-	6,932
LGPS pension deficit	-	(902,000)	-	(902,000)
Net assets/(liabilities)	<u>251,867</u>	<u>(902,000)</u>	<u>5,355,000</u>	<u>4,704,867</u>

The above net assets include £251,867 that were transferred as cash.