

HARTISMERE SCHOOL
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Period ended 31 August 2011

Company Registration Number:
07341583 (England & Wales)



HARTISMERE SCHOOL

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HARTISMERE SCHOOL

Reference and Administrative Details of the Academy, its Governors and Advisors

Directors	*James McAtear Marian Ravenhill Carlton Blaxhill (resigned 31/12/10) *Barbara Bailey (appointed 01/01/11)
Members	James McAtear Marian Ravenhill Carlton Blaxhill
Governors/Trustees	*Nick Roche Gina Cole *Moir Buxton Sara Michell Neil Cave *Simon Hooton *Peter Gilbee *Godfrey Musgrave-Brown *Pauline Aldous Mark Burridge Fiona Bowden *Carlton Blaxill Odile Wladon *John Battersby Michelle Furness
* = members of the Finance and Premises committee	
Senior Managers	
<ul style="list-style-type: none"> Headteacher Deputy Headteacher Deputy Headteacher 	James McAtear Christopher Aldous Adrian Hayton
Director of Finance	Debbie Ebbage
Registered Office	Castleton Way Eye Suffolk IP23 7BL
Company Registration Number	7341583
Auditors	MA Partners LLP 7 The Close Norwich NR1 4DS
Bankers	Lloyds TSB
Solicitors	Stone King LLP Cambridge

HARTISMERE SCHOOL

Governors' Report

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2011

The financial statements have been prepared in accordance with the accounting policies on pages 15 to 17 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005)

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee (registration number 07341583) and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of Hartismere School. Three of the Trustees are directors of the company for the purposes of company law. The company is known as Hartismere School.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Governors' Indemnities

There were no provisions required for third party indemnity.

Principal Activities

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

The management of the company is the responsibility of the governors who are appointed under the terms of the articles of association.

Governors are subject to retirement after a term of 4 years. After the term they are eligible for re-election at the meeting at which they retire.

Policies and Procedures Adopted for the Induction and Training of Governors

During the period under review, the governors held 3 full governing body meetings and 3 meetings for each of the principal committees. New governors are offered training across a number of areas dependant on relevant committees. This training is arranged by an external provider. Vice Chair of governors is responsible for arranging appropriate training for new and existing governors.

All new governors are provided with "new governor information pack" with relevant information of responsibilities as a governor and committee structures.

HARTISMERE SCHOOL

Governors' Report (continued)

Organisational Structure

The management structure consists of three levels, the Governors, Governing Body Committees and the Leadership Team

The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. Committees of the Governing body have delegated responsibilities. Three principal Committees exist, Teaching and Learning Committee, Community Committee, Finance and Premises Committee, together with further ad hoc committees: Steering Committee, Hearings Committee, Appeals Committee, Pupil Discipline Committee and Admissions Committee.

The Leadership team consists of the Headteacher and two Deputy Headteachers. These managers control the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Headteacher is the Accounting Officer.

Risk Management

The governors 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 governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (eg 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 (eg 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 following statement.

The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the governors have appointed T Riches of Customer Service Direct Ltd as the Responsible Officer. On a quarterly basis she undertakes an independent review of the financial systems and provides a written report providing feedback on how the Academy's financial affairs are being discharged. The written report includes action points identifying any areas for improvement.

This provides the Governing body with assurance that -

- the financial responsibilities of the governing body are being properly discharged,
- resources are being managed in an efficient, economical and effective manner,
- sound systems of internal financial control are being maintained, and
- financial considerations are fully taken into account in reaching decisions.

These arrangements can provide only reasonable and not absolute assurance that assets are safe guarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Connected Organisations, including Related Party Relationships

- The school acts as sponsor to four other schools as part of the process of conversion to Academy Status. These partnerships are ongoing and developmental.
- The School also acts in partnership with the South Norfolk Partnership with a view to offering extended vocational education for students aged 14-18.

Objectives and Activities

Objects and Aims

The school aims to provide the best teaching and learning opportunities for its students possible.

It further aims to create opportunities for young people to learn to be givers to their community.

Its objective is to develop well-balanced young people who have their minds as sharp as possible but who recognise their responsibilities to make a real contribution to their communities.

HARTISMERE SCHOOL

Governors' Report (continued)

Objectives, Strategies and Activities

The following is a brief summary of some of the main objectives and achievements of the school during the period

Objectives

- Raising the funds to implement the plan to erect an all weather floodlit astro turf
- Raising the funds to create a specialised study area for supervised sixth form study
- Achieving a CVA score in excess of 1017
- Raising the percentage of 5A*-C grades including English and Maths to a figure in excess of 70%
- Achieving a percentage of 5A*-C grades in excess of 85%
- Achieving an average points score in excess of the County average
- Maintaining Sixth form numbers in excess of 200
- Implementing curriculum changes known as electives and fast track A levels into the school's curriculum

Achievements

- The School is significantly oversubscribed
- It has raised achievement level to 74% %A*-C grades including English and Maths
- Average Points Scores at Sixth form are above the County average
- The estimated CVA score is 1024
- The school has raised enough funding to secure the all weather pitch and sixth form reading room

Public Benefit

The governors acknowledge the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy are for the public benefit.

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.

Key Financial Performance Indicators

Hartismere School converted to Academy status on 1 September 2010. The school was rated "outstanding" by OFSTED in February 2010.

The total number of students on roll in the period ended 31 August 2011 numbered 923. From 1 September 2010 the Academy has a PAN (Pupil Admissions Number) each year of 147 (previously 145).

Examination results for 2011 were very pleasing.

- At A and AS level candidates achieved an average of over 766 points per candidate
- There was a 97% pass rate and 69% of grades were A-C
- At GCSE over 82% of grades were A-C and 96% of students achieved 5 or more passes at this level

The School Improvement Plan is set to further ensure outstanding results are achieved in 2012.

Financial Review

Most of the Academy's income is obtained from the YPLA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the YPLA during the period ended 31 August 2011 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy has also been in receipt of capital grants from the DfE through the Capital Maintenance Fund.

HARTISMERE SCHOOL**Governors' Report (continued)**

During the period ended 31 August 2011, total expenditure of £5,596,681 was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period, excluding restricted fixed asset and restricted pension funds, and after providing for redundancy costs of £188,213 was £7,941.

At 31 August 2011 the net book value of fixed assets was £365,174 and movements in tangible fixed assets are shown in the note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Upon Academy conversion, a number of assets have been recognised as gifted to the Academy. These include fixed assets £225,441 and unspent delegated budget upon closure of the Local Authority School £110,872.

The Academy received an actuarial valuation of its share of the Local Government Pension Scheme. This liability is included within the balance sheet as at 31 August 2011 and supporting information in note 28.

Principal Risks and Uncertainties

As an Academy School, the level of financial risk mainly occurs around certainty of year on year funding, cash flow and actuarial assessed pension fund deficit.

The governors have identified these areas and manage the impact of cash flow by monitoring monthly cash flows projected at the start of each financial year against actual cash flows and bank balances. Future budgets are monitored in line with staffing levels/costs. The Academy is repaying the Local Government Pension Scheme deficit over 7 years.

Reserves Policy

The Academy held restricted fund balances at 31 August 2011 of £241,115 comprising of £7,941 in restricted general funds, £513,174 in the restricted fixed asset fund and a £280,000 deficit on the pension fund.

Governors also expect to maintain a positive balance of General Annual Grant and to use the grant in the period that it has been granted to ensure no claw back. The governors have determined that the surplus of unrestricted funds should be maintained to enable the school to react to budget changes within a manageable period without the use of cash flow advances from YPLA and that will support the plans in the future detailed below.

Plans for Future Periods

- To raise sufficient sums to build a new PE classroom and Sports Pavilion
- To raise sufficient funds to renew the schools' toilet facilities
- To implement the system of comprehensive Initial Assessment planned
- To implement the personalised curriculum planned
- To achieve 3 levels of progress in excess of 70% for both Maths and English
- To maintain a 5A*-C %age in excess of 85%
- To maintain a %A*-C %age including English and Maths in excess of 70%
- To achieve over 800 points per candidate at Sixth form
- To develop the quality of the school's grounds
- To remain oversubscribed despite a falling local demographic
- To implement the Music and Sports Specialists schools plans

Auditor

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors 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 members of the Governing Body on 19 December 2011 and signed on its behalf by

Signed 

M Ravenhill
Chair

HARTISMERE SCHOOL

Statement on Internal Control

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Hartismere 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 Hartismere School and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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 the Academy's 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 Hartismere School for the period ended 31 August 2011 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 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 the key risks as a Local Authority school have been identified and managed by the adoption of policies and procedures. Many of these at the point of conversion were adopted with minor adaptations to recognise the increased responsibilities that exist for the Academy. In addition, the new risks eg compliance with company law were recognised through appropriate support from the Responsible Officer for the period ending 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body. The Governing Body however recognises that this needs to be a key area of development and has a clear plan in place to undertake a complete and formal risk assessment for the year ahead.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and Premises 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 governors have appointed T Riches, of Customer Service Direct Ltd, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO conducts a review and provides a written report and action plan to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

HARTISMERE SCHOOL

Statement on Internal Control (continued)

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period his 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 senior managers within the Academy who have responsibility for the development and maintenance of the internal control framework

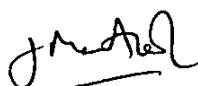
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 19 December 2011 and signed on its behalf by

Signed

M Ravenhill
Chair

Signed



J McAtear
Accounting Officer

HARTISMERE SCHOOL

Statement of Trustees' Responsibilities

The trustees (who act as trustees for charitable activities of Hartismere School, some of whom are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to

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

The directors 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 YPLA/DfE have been applied for the purposes intended.

Approved by order of the members of the Governing Body on 19 December 2011 and signed on its behalf by

Signed



M Ravenhill
Chair

HARTISMERE SCHOOL**Independent Auditor's Report to the Members of Hartismere School**

We have audited the financial statements of Hartismere School for the period ended 31 August 2011 set out on pages 12 to 31. 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) and the Annual Accounts Direction 2010/11 issued by the Young People's Learning Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2011 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
- 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 Governors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

OPINION ON OTHER MATTERS PRESCRIBED BY THE ACADEMY'S FUNDING AGREEMENT WITH THE SECRETARY OF STATE FOR EDUCATION

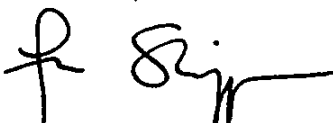
In our opinion grants made by the Young People's Learning Agency have been applied for the purposes intended.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Frank Shippam BSc FCA DChA (Senior statutory auditor)
for and on behalf of
MA Partners LLP
Chartered Accountants
Statutory Auditor
7 The Close
Norwich Norfolk
NR1 4DJ
Dated 23 December 2011



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HARTISMERE SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2011
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Pension Fund	Restricted Fixed Asset Funds	Total 2011
		£	£	£	£	£
Incoming resources						
<i>Incoming resources from generated funds</i>						
- Voluntary Income	3	-	500	-	-	500
- Activities for generating funds	4	208,716	274	-	-	208,990
Investment Income	5	568	-	-	-	568
<i>Incoming resources from charitable activities</i>						
- Funding for the Academy's educational operations	6	-	4,930,221	-	371,386	5,301,607
- Other Income	4	12,034	168,097	-	-	180,131
Total incoming resources		221,318	5,099,092	-	371,386	5,691,796
Resources expended						
<i>Cost of generating funds</i>						
- Costs of generating voluntary income		22,874	-	-	-	22,874
<i>Charitable activities</i>						
- Academy's educational operations	8	-	4,941,166	99,000	42,977	5,083,143
- Redundancy costs	8	-	188,213	-	-	188,213
Governance costs	9	-	16,738	-	-	16,738
Other resources expended	10	-	(110,872)	422,000	(25,415)	285,713
Total resources expended	7	22,874	5,035,245	521,000	17,562	5,596,681
Net incoming/(outgoing) resources before transfers		198,444	63,847	(521,000)	353,824	95,115
Gross transfers between funds	18	(198,444)	(55,906)	95,000	159,350	-
Net income/(expenditure) for the period		-	7,941	(426,000)	513,174	95,115
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	18,28	-	-	146,000	-	146,000
Net movement in funds		-	7,941	(280,000)	513,174	241,115
Funds carried forward at 31 August 2011		-	7,941	(280,000)	513,174	241,115

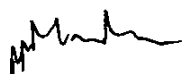
All of the Academy's activities derive from continuing operations. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

HARTISMERE SCHOOL
BALANCE SHEET AS AT 31 AUGUST 2011
Company Registration Number 07341583

	Notes	2011 £
Fixed Assets		
Tangible assets	14	365,174
Current assets		
Stock	15	15,468
Debtors	16	183,671
Cash at bank and in hand		550,477
		<u>749,616</u>
Current liabilities		
Creditors amounts falling due within one year	17	<u>(482,947)</u>
Net current assets		<u>266,669</u>
Total assets less current liabilities		631,843
Creditors amounts falling due after more than one year	17	(110,728)
Net assets excluding pension liability		<u>521,115</u>
Pension scheme liability	28	<u>(280,000)</u>
Net Assets Including Pension Scheme Liability		<u><u>241,115</u></u>
Funds of the Academy		
Restricted funds		
- Fixed asset fund	18	513,174
- General funds	18	7,941
- Pension reserve	18	<u>(280,000)</u>
Total restricted funds		<u>241,115</u>
Unrestricted funds		
- General fund	18	<u>-</u>
Total unrestricted funds		<u>-</u>
Total Funds		<u><u>241,115</u></u>

The financial statements were approved by the Governors, and authorised for issue on 19 December 2011 and are signed on their behalf by

Signed



M Ravenhill
Chair

HARTISMERE SCHOOL

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2011

	Notes	2011 £
Net cash inflow from operating activities	22	386,794
Returns on investments and servicing of finance	23	568
Capital expenditure and financial investment	24	188,676
Repayment of loans		<u>(25,561)</u>
Increase in cash in the period	25	<u>550,477</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 31 August 2011		<u>550,477</u>

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011****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 Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming Resources

All incoming resources are recognised when the Academy 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.

- **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

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

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****1 Statement of Accounting Policies (continued)****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.

- **Costs 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's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 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'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 on a straight-line basis over its expected useful lives, as follows:

Buildings	2%
Furniture and equipment	10%
Computer equipment and software	33%
Motor vehicles	20%

No depreciation is charged on assets that are not brought into use by the balance sheet date.

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.

On conversion to an Academy there were a number of assets that were transferred from Suffolk County Council that are used on an ongoing basis by the Academy. The fair value of these assets was estimated at £225,441 on conversion and these have been included in additions to fixed assets on the balance sheet and included within other resources expended (see note 10) in the Statement of Financial Activities.

The transfer of the school buildings and biomass boiler were completed post year end (see note 30).

Stock

Unsold uniforms are valued at the lower of cost or net realisable value.

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****1 Statement of Accounting Policies (continued)****Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes

Accordingly, the Academy 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

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the grantor 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 Young People's Learning Agency and Department for Education.

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

2 General Annual Grant

	2011 £
Results and carry forward for the period	
GAG allocation for current period	4,367,616
Total GAG available to spend	4,367,616
 Recurrent expenditure from GAG	 4,420,213
Fixed assets purchased from GAG	143,622
Total GAG expenditure	4,563,835
 Transfer of pension contributions to unrestricted fund	 (95,000)
Transfer of unrestricted funds	198,444
GAG carried forward to next year	(92,775)

3 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
Donations	-	500	500

4 Other income

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
ACTIVITIES FOR GENERATING FUNDS			
Catering income	67,951	-	67,951
Hire of facilities	36,482	-	36,482
Income from services provided	59,640	274	59,914
Items sold	44,643	-	44,643
	208,716	274	208,990
 OTHER INCOMING RESOURCES			
Insurance claims	12,034	-	12,034
Academy trips	-	168,097	168,097
	12,034	168,097	180,131
 TOTAL OTHER INCOME	220,750	168,371	389,121

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

5 Investment income

	Unrestricted Funds	Restricted Funds	Total 2011
	£	£	£
Bank Interest	<u>568</u>	<u>-</u>	<u>568</u>

6 Funding for Academy's educational operations

	Unrestricted Funds	Restricted Funds	Total 2011
	£	£	£
DfE / YPLA Capital Grants			
Devolved Formula Capital	-	19,170	19,170
PfS Capital Maintenance Grant	-	352,216	352,216
Total	<u>-</u>	<u>371,386</u>	<u>371,386</u>
DfE / YPLA Revenue Grants			
General Annual Grant (note 2)	-	4,367,616	4,367,616
Start Up Grant	-	25,000	25,000
Other DfE / YPLA grants	-	84,810	84,810
Total	<u>-</u>	<u>4,477,426</u>	<u>4,477,426</u>
Other Government Grants			
Standards Funds	-	37,851	37,851
Special educational projects	-	414,944	414,944
Total	<u>-</u>	<u>452,795</u>	<u>452,795</u>
TOTAL FUNDING	<u>-</u>	<u>5,301,607</u>	<u>5,301,607</u>

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

7 Resources Expended

	Staff Costs	Non Pay Expenditure		Total 2011
		Premises	Other Costs	
	£	£	£	£
Costs of activities for generating funds	-	-	22,874	22,874
Academy's educational operations (note 8)				
- Direct costs	3,441,930	42,977	270,262	3,755,169
- Allocated support costs	660,781	229,404	160,268	1,050,453
- Other expenditure	-	-	465,734	465,734
	<u>4,102,711</u>	<u>272,381</u>	<u>896,264</u>	<u>5,271,356</u>
Governance costs (note 9)	-	-	16,738	16,738
Other resources expenses (note 10)	<u>422,000</u>	-	<u>(136,287)</u>	<u>285,713</u>
	<u>4,524,711</u>	<u>272,381</u>	<u>799,589</u>	<u>5,596,681</u>
Incoming / outgoing resources for the year include				2011
				£
Operating leases				35,057
Fees payable to auditor - audit				<u>6,000</u>

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

8 Charitable Activities - Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
DIRECT COSTS			
Teaching and educational support staff costs	-	3,253,717	3,253,717
Redundancy costs	-	188,213	188,213
Teaching resources (books, stationery etc)	-	107,954	107,954
Transport	-	20,232	20,232
Examination Fees	-	121,653	121,653
Staff Development	-	20,423	20,423
Depreciation	-	42,977	42,977
Total Direct Costs	-	3,755,169	3,755,169
SUPPORT COSTS			
Support staff costs	-	660,781	660,781
Pupil recruitment and support	-	19,432	19,432
Maintenance of premises and equipment	-	81,603	81,603
Cleaning	-	4,870	4,870
Rent, rates and water	-	29,242	29,242
Heat and light	-	73,254	73,254
Insurance	-	39,397	39,397
Security	-	1,038	1,038
Travel and subsistence	-	5,114	5,114
Catering	-	91,787	91,787
Technology costs	-	26,413	26,413
Supplies, printing and telephone	-	17,522	17,522
Total Support Costs	-	1,050,453	1,050,453
OTHER EXPENDITURE			
Other GAG expenditure	-	38,024	38,024
Academy trips	-	208,871	208,871
Other costs	-	218,839	218,839
Total Other Expenditure	-	465,734	465,734
Total Expenditure – Academy Educational Operations	-	5,271,356	5,271,356

9 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2011 £
Auditors' remuneration - audit of financial statements	-	6,000	6,000
Legal and professional fees	-	10,738	10,738
	-	16,738	16,738

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****10 Other resources expended**

	Restricted General Funds £	Restricted Pension Fund £	Restricted Fixed Asset Funds £	Total 2011 £
Gifted tangible fixed assets	-	-	225,441	225,441
Loan obligations in respect of gifted tangible fixed assets	-	-	(200,026)	(200,026)
Predecessor school surplus	110,872	-	-	110,872
Pension scheme deficit transferred at 1 September 2010 (note 28)	-	(422,000)	-	(422,000)
	<u>110,872</u>	<u>(422,000)</u>	<u>25,415</u>	<u>(285,713)</u>

The gifted tangible fixed assets were transferred to the Academy on conversion together with the obligation to repay Suffolk County Council for the following loans, an advance of Devolved Formula Capital of £98,146, Suffolk Catering £20,000 and Salix £81,880

11 Staff costs

	2011 £
Staff costs during the period were	
Wages and salaries	3,211,140
Social security costs	234,720
Other pension costs	439,746
Redundancy costs	188,213
Other indirect staff costs	28,892
	<u>4,102,711</u>

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

	2011 No
Charitable Activities	
Teaching staff	53
Support staff	<u>35</u>

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

	2011 No
£60,001 - £70,000	2
£70,001 - £80,000	<u>1</u>

The above employees participated in the Local Government Pension Scheme, pension contributions amounted to £29,308

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****12 Governors' remuneration and expenses**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Governors did not receive any payments from the Academy in respect of their role as governors. The value of the Principal's remuneration in the period was £93,834. The value of staff governors' remuneration was £128,226.

During the period ended 31 August 2011, no governor was reimbursed expenses.

13 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

The insurance provides cover up to £1,000,000 on any one claim and the cost for the year was £682. The cost of this insurance is included in the total insurance cost.

14 Tangible Fixed Assets

	Freehold Buildings	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
Additions	96,321	227,874	83,956	408,151
At 31 August 2011	96,321	227,874	83,956	408,151
Depreciation				
Charged in period	4,287	21,924	16,766	42,977
At 31 August 2011	4,287	21,924	16,766	42,977
Net book value				
At 31 August 2011	92,034	205,950	67,190	365,174

15 Stock

	2011
	£
Uniforms	15,468

16 Debtors

	2011
	£
Prepayments	27,990
Other debtors	106,870
VAT Debtor	48,811
	183,671

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

17 Creditors

	2011 £
Amounts falling due within one year	
Trade creditors	76,099
Other creditors	55,751
Loans repayable	63,737
Accruals and deferred income	287,360
	482,947
Amounts falling due after more than one year	
Loans repayable	110,728
	110,728

Loans repayable are interest free and unsecured

18 Funds

	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2011 £
Restricted general funds					
General Annual Grant (GAG)	4,367,616	(4,420,213)	(40,178)	-	(92,775)
Start up Grant	25,000	(13,601)	(11,399)	-	-
Other DfE / YPLA grants	84,810	(57,305)	(4,329)	-	23,176
Other restricted funds	732,538	(654,998)	-	-	77,540
	5,209,964	(5,146,117)	(55,906)	-	7,941
Restricted pension fund					
Pension reserve	-	(521,000)	95,000	146,000	(280,000)
	-	(521,000)	95,000	146,000	(280,000)
Restricted fixed asset funds					
DfE / YPLA capital grants	371,386	-	-	-	371,386
Capital additions from GAG	-	(17,772)	118,061	-	100,290
Other capital expenditure	25,415	(25,205)	41,289	-	41,499
	396,801	(42,977)	159,350	-	513,174
Total restricted funds	5,606,765	(5,710,094)	198,444	146,000	241,115
Unrestricted funds					
Unrestricted fund	221,318	(22,874)	(198,444)	-	-
Total unrestricted funds	221,318	(22,875)	(198,444)	-	-
Total funds	5,828,083	(5,732,968)	-	146,000	241,115

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. The Academy's GAG has been overspent by of £52,597 after charging redundancy costs of £188,213. The following transfers have been made from GAG: £95,000 to the Restricted Pension Fund representing the cost of employer contributions towards the Local Government Pension Scheme and £118,061 to the Restricted Fixed Asset Fund representing fixed assets additions and loan capital loan repayments in the year from GAG funding. A transfer has been made from unrestricted funds of £198,444 to restricted general funds to reduce the deficit carried forward on GAG to £92,775.

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

18 Funds (continued)

The Start-up Grant has been used to cover costs incurred in the initial set up of the Academy, these include legal and professional charges, curriculum printing costs and capitalised software licences

Other DfE/YPLA grants were receivable during the period to support the standard of teaching and learning at the Academy and to contribute towards redundancy costs

Other restricted general fund income includes a grant of £394,344 from the School Sports Partnership (SSCO) This grant, aimed at raising the standard of physical education, has been discontinued for future periods

The Pension reserve deficit at the period end was £280,000 and represents the Academy's share of the deficit of the Local Government Pension Scheme This deficit is being repaid over 7 years

The Academy was successful in a bid for capital funding through the Capital Maintenance Fund (provided by Partnership for Schools) The portion of the grant receivable in the period was £352,216 and at the period end had financed the acquisition of fixed assets totalling £48,920 These assets had not been brought into use by 31 August 2011 and accordingly no depreciation has been charged against them in the period

19 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£		£	£
Tangible fixed assets	-	-	365,174	365,174
Current assets	2,006	414,336	333,274	749,616
Current liabilities	(2,006)	(406,395)	(74,546)	(482,947)
Non-current liabilities	-	-	(110,728)	(110,728)
Pension scheme liability	-	(280,000)	-	(280,000)
Total net assets	-	(272,059)	513,174	241,115

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****20 Capital commitments**

	2011 £
Contracted for, but not provided in the financial statements	
6th Form Library/Refurbish	24,013
ICT Room Remodelling	31,477
	<u>55,490</u>

The above capital commitments will be met from DfE recurrent/capital grants to be received in future years

21 Financial commitments***Operating leases***

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows

	2011 £
- Expiring within one year	9,054
- Expiring within two and five years inclusive	30,602
	<u>39,656</u>

22 Reconciliation of net income to net cash inflow from operating activities

	2011 £
Net income	95,115
Depreciation (note 14)	42,977
Capital grants from DfE and other capital income	(371,386)
Interest receivable	(568)
FRS 17 pension costs less contributions payable (note 28)	(9,000)
FRS 17 pension finance income (note 28)	13,000
Gifted tangible fixed assets (note 10)	(225,441)
Loan obligations on gifted fixed assets (note 10)	200,026
Pension scheme deficit transferred in (note 10)	422,000
Increase in stocks	(15,468)
Increase in debtors	(183,671)
Increase in creditors	419,210
Net cash inflow from operating activities	<u>386,794</u>

23 Returns on investments and servicing of finance

	2011 £
Interest received	568
Net cash inflow from returns on investments and servicing of finance	<u>568</u>

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****24 Capital expenditure and financial investment**

	2011
	£
Purchase of tangible fixed assets	(182,710)
Capital grants from DfE/YPLA	<u>371,386</u>
Net cash inflow from capital expenditure and financial investment	<u>188,676</u>

25 Analysis of changes in net funds

	Cash flows	At 31 August 2011
	£	£
Cash at bank and in hand	<u>550,477</u>	<u>550,477</u>
	<u>550,477</u>	<u>550,477</u>

26 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 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 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 by the Secretary of State under the Funding Agreement

27 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

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****28 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 Suffolk 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 2004 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multiemployer 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 and the implications for the Academy in terms of the anticipated contribution rates.

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 2011 was £120,000, of which employer's contributions totalled £95,000 and employees' contributions totalled £25,000. The agreed contribution rates for future years are 23.4% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £12,900	5.5%
£12,901 - £15,100	5.8%
£15,101 - £19,400	5.9%
£19,401 - £32,400	6.5%
£32,401 - £43,300	6.8%
£43,301 - £81,100	7.2%
Above £81,100	7.5%

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

28 Pension and similar obligations (continued)

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

	31 August 2011
Equities	62%
Bonds	21%
Property	10%
Cash	7%

Principal Actuarial Assumptions

	31 August 2011
	% p a.
Pension increase rate	2.6%
Salary increase rate	4.9%
Expected return on assets	5.9%
Discount rate	5.4%

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

	Males	Females
Current Pensioners	21.4 years	23.3 years
Future Pensioners	23.7 years	25.7 years

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

	Expected return at 31 August 2011	Value at 31 August 2011
		£
Equities	6.8%	505,000
Bonds	4.6%	171,000
Property	4.8%	81,000
Cash	3.9%	57,000
Total market value of assets		814,000
Present value of scheme liabilities		
- Funded		(1,094,000)
Deficit in the scheme		(280,000)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy

The return on the Fund in market value terms for the period to 31 August 2011 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary

The actual return on the scheme assets for the period from 30 September 2010 to 30 June 2011 was 7.8%

The estimated return for the period from 1 September 2010 to 31 August 2011 is 6.3%

HARTISMERE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)

28 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2011 £
Analysis of pension costs	
Current service cost	86,000
Past service cost (gain)	-
Total operating charge	86,000

	2011 £
Analysis of pension finance income/(costs)	
Interest cost	(55,000)
Expected return on pension scheme assets	42,000
Pension finance income/(costs)	(13,000)

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 a £276,000 loss

Movements in the present value of defined benefit obligations were as follows

	2011 £
Transfer in of scheme obligations	1,072,000
Current service cost	86,000
Interest cost	55,000
Contributions by scheme participants	25,000
Actuarial gains	(144,000)
Scheme liabilities at 31 August	1,094,000

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

	2011 £
Transfer in of scheme assets	650,000
Expected return on scheme assets	42,000
Contributions by employer	95,000
Contributions by scheme participants	25,000
Actuarial gains	2,000
Fair value of scheme assets at 31 August	814,000

The estimated value of employer contributions for the period ended 31 August 2012 is £95,000

The history of experience adjustments is as follows

	2011 £
Present value of defined benefit obligations	(1,094,000)
Fair value of share of scheme assets	814,000
Deficit in scheme	(280,000)

	£
Experience adjustments on share of scheme assets	2,000
Experience adjustments on scheme liabilities	144,000

HARTISMERE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2011 (continued)****29 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.

30 Post Balance Sheet Events

On 20 October 2011 the Academy obtained the freehold title to the land and buildings occupied by the Academy from Suffolk County Council. Prior to this date, the site had been occupied pursuant to a tenancy at will. No consideration was payable for the land and buildings. No accurate value of the land can be obtained due to the specialist nature of the property. The replacement cost value of the buildings is estimated to be £13,765,000 based upon an insurance valuation performed in March 2011. The valuation was prepared by applying a rebuilding cost factor to the total floor area plus a number of rebuilding and insurance cost factors appropriate to the specific type of buildings. The insurance valuation excludes VAT and an allowance for the removal of debris, shoring up and making the property safe following damage or destruction.

A new biomass boiler was transferred to the Academy from Suffolk County Council after the balance sheet date. No consideration was paid and the replacement cost value of the biomass boiler is estimated to be £1,000,000 based upon an insurance valuation performed in March 2011.