

Hartismere School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2014



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COMPANIES HOUSE

Company Registration Number: 07341583
(England and Wales)



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Hartismere School

Reference and Administrative Details

Trustees

*James McAtear
Marion Ravenhill (Chair)
*Barbara Bailey (Vice-Chair)
*Nick Roche (term ended 01/01/14)
Gina Cole
*Moiria Buxton (term ended 01/01/14)
Sara Michell
Neil Cave
*Simon Hooton
*Godfrey Musgrave-Brown
*Pauline Aldous (term ended 31/08/14)
Mark Burridge
Odile Wladon
*Dr John Battersby
Dr Michelle Furness
Judith Haywood
Lee Macdonald
Dr Christina Odams
*Adrian Nuttall

* = members of the Finance and Premises committee

Senior Managers

- Headteacher
- Deputy Headteacher
- Deputy Headteacher

James McAtear
Christopher Aldous
Adrian Hayton

Director of Finance

Deborah Ebbage

Registered Office

Castleton Way
Eye
Suffolk
IP23 7BL

Company Registration Number

07341583

Auditors

CG LEE LIMITED
Chartered Certified Accountants
Ingram House
Meridian Way
Norwich
NR7 0TA

Bankers

Lloyds Bank
Cornhill North Ipswich Branch
13 Cornhill
Ipswich
IP1 1DG

Solicitors

Stone King LLP
Wellington House
East Road
Cambridge
CB1 1BH

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 19 to 21 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).

The trust operates an Academy for pupils aged 11 to 19 serving a catchment area in North Suffolk and had a roll of 927 on 3 October 2013.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee (registration number 07341583) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The governors act as the trustees for the charitable activities of Hartismere School. Three of the trustees are directors of the charitable company for the purposes of company law. The charitable company is known as Hartismere School. For the purpose of this organisation the trustees are members whilst governors.

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

Trustee's 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 Trustees

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

Trustees 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.

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. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Trustees' Report (continued)

Organisational Structure

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

The trustees 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.

Connected Organisations, including Related Party Relationships

- The school now works with Schools Direct to provide Initial Teacher Training.
- The school is a founding member of the Suffolk Academies Forum.
- The school is now part of a Teaching School named 'Encompass'.

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.

Objectives, Strategies and Activities

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

- Raising the funds to implement the plan to erect a squash court for school and community use.
- Raising the funds to create a suite of sixth form student toilets which allow these to be used individually and which reach an exceptionally high standard.
- Achieving a Progress 8 score in excess of 1015.
- Raising the percentage of GCSE 5 A*-C grades including English and Maths to a figure in excess of 67%.
- Achieving a percentage of GCSE 5 A*-C grades to a figure in excess of 80%.
- Achieving an average points score in excess of the County average.
- Maintaining Sixth form numbers in excess of 190.
- Implementing curriculum changes known as comprehensive initial assessments leading to personalised Sports, Computing, Music and Humanities curriculums.

Public Benefit

The trustees 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.

Trustees' Report (continued)

Strategic Report

Achievements and Performance

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

- The school has successfully raised funding to secure a netball and tennis floodlit pitch.
- The school has successfully raised funding to create a suite of student toilets which can be used individually and which reach an exceptionally high standard.
- The estimated contextual value added (VA) score above 1010.
- A level of 70% was achieved at GCSE 5 A*-C grades including English and Maths in 2014.
- A level of 85% was achieved at GCSE 5 A*-C grades.
- Average Points Scores at Sixth form are above the County average. Almost 200 students study in the Sixth form.
- The School has achieved a more individualised Sports and Music curriculum on the basis of the partial implementation of the Comprehensive Initial Assessment.

Key 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 year ended 31 August 2014 numbered 927. From 1 September 2010 the Academy has a PAN (Pupil Admissions Number) each year of 140.

Examination results for 2014 were very pleasing:

- At A and AS level candidates achieved an average of over 210 points per entry.
- At GCSE over 80% of grades were A-C and 95% of students achieved 5 or more passes at this level.

The School Improvement Plan is set to further ensure outstanding results are achieved in 2015.

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 Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education Funding Agency (EFA) during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also has been in receipt of capital grants from the EFA through the bid process for capital maintenance fund. In accordance with the Academies Accounts Direction 2014, such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £5,217,601 was covered by recurrent grant funding from the EFA, other incoming resources and use of reserves.

At 31 August 2014 the net book value of fixed assets was £8,933,674 and movements in tangible fixed assets are shown in the note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

In accordance with FRS17, the Academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2014 and supporting notes to the accounts numbers 16 and 26.

Trustees' Report (continued)

Reserves Policy

The Academy held fund balances at 31 August 2014 of £8,274,029 comprising of £62,332 in unrestricted funds, £11,177 in restricted general funds, £8,991,520 in the restricted fixed asset fund and a £791,000 deficit on the pension fund.

Trustees 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 EFA and that will support the plans in the future detailed below.

Investment Policy

The Academy's aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. Any investments held will be included in the financial statements.

Principal Risks and Uncertainties

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 (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 trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Schools' Choice as the Responsible Officer. On a termly basis an independent review of the financial systems is undertaken and a written report provided giving 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 safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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 trustees 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.

Trustees' Report (continued)

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 for sixth formers
- To implement the system of comprehensive Initial Assessment planned in full
- To achieve 3 levels of progress in excess of 70% for both Maths and English
- To maintain a GCSE 5 A*-C percentage in excess of 85%
- To maintain a GCSE 5 A*-C percentage including English and Maths in excess of 68%
- To achieve over 213 points per entry at Sixth form
- To implement the use of value added and achievement reports in the Sixth Form using the ALPS system
- To implement a programme of lectures and outside speakers in the Sixth Form in conjunction with the General Studies course
- To establish a rotation programme of enrichment activities for all students in year 12
- To develop intervention lessons in some Sixth Form subject areas
- To develop the area at the back of the Sixth Form block as a garden space
- 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

Funds held as Custodian Trustee on behalf of others

The Academy trust does not hold any funds on behalf of others.

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 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.

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees on 12 December 2014 and signed on the Board's behalf by:

Signed



M Ravenhill
Chair of Trustees

Governance Statement

Scope of Responsibility

As trustees 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 board of trustees 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. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustee's Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
James McAtear (Headteacher & Accounting Officer)	3	3
Marion Ravenhill (Chair)	3	3
Barbara Bailey (Vice Chair)	1	3
Nick Roche (term ended 01/01/14)	1	1
Gina Cole	3	3
Moir Buxton (term ended 01/01/14)	0	1
Sara Michell	3	3
Neil Cave	2	3
Simon Hooton	1	3
Godfrey Musgrave-Brown	3	3
Pauline Aldous	3	3
Mark Burridge	2	3
Odile Wladon	2	3
Dr John Battersby	2	3
Dr Michelle Furness	0	3
Judith Haywood	2	3
Lee Macdonald	1	3
Dr Christina Odams	2	3
Adrian Nuttall	2	3

The **Finance and Premises Committee** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

There were changes to the members of the committee during the year as the terms for Nick Roche and Moira Buxton ended, and Adrian Nuttall, who is a company director, joined. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
James McAtear (Headteacher & Accounting Officer)	1	3
Barbara Bailey	1	3
Simon Hooton (Chair)	3	3
Nick Roche (term ended 01/01/14)	1	1
Godfrey Musgrave-Brown	3	3
Pauline Aldous	2	3
Dr John Battersby	3	3
Moir Buxton (term ended 01/01/14)	0	1
Adrian Nuttall	2	3
Not appointed to F&P Committee		
Marion Ravenhill (Chair of FGB)	1	3

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 Hartismere School for the period 1 September 2013 to 31 August 2014 and up to the date of approval for the annual report and financial statements.

Capacity to Handle Risk

The board of trustees 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 board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval for the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed Schools' Choice, as Responsible Officer ('RO'), to perform the additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The RO has delivered their schedule as planned for the year ended 31 August 2014 in line with the EFA's requirements. There were no material control issues arising as a result of the RO's work.

Review of Effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

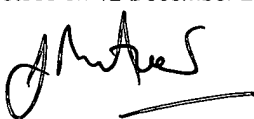
- the work of the Responsible Officer
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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 the weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the member of the board of trustees on 12 December 2014 and signed on its behalf by:



M Ravenhill
Chair of Trustees



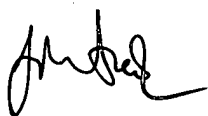
J McAtear
Accounting Officer

Statement of Regularity, Propriety and Compliance

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

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

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



J McAtear
Accounting Officer

12 December 2014

Statement of Trustees' Responsibilities

The trustees (who act as governors of Hartismere School, some of whom are also 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 the 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 then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The 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 the order of the members of the board of trustees on 12 December 2014 and signed on its behalf by:



M Ravenhill
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Hartismere School

We have audited the financial statements of Hartismere School for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust'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 Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- 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;



Graham David Lyon FCCA (Senior statutory auditor)

For and on behalf of CG LEE LIMITED
Chartered Certified Accountants
Statutory Auditor
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

Date 19/12/14

Independent Reporting Accountant's Assurance Report on Regularity to Hartismere School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hartismere School during the period 1 September 2013 to 31 August 2014 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 Hartismere School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hartismere School 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 Hartismere School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hartismere School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hartismere School's funding agreement with the Secretary of State for Education dated 1 September 2010 and the Academies Financial Handbook, extant from 1 September 2013 (updated October 2013), 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 to 2014. 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 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



CG LEE LIMITED
Chartered Certified Accountants
Statutory Auditor
Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

Date 19/12/14

Statement of Financial Activities for the period ended 31 August 2014
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary Income	2	12,000	-	-	12,000	559
- Activities for generating funds	3	234,565	201,665	-	436,230	423,663
- Investment Income	4	531	3,000	-	3,531	528
<i>Incoming resources from charitable activities:</i>						
- Funding for the academy trust's educational operations	5	633	4,483,462	198,316	4,682,411	4,603,478
Total incoming resources		247,729	4,688,127	198,316	5,134,172	5,028,228
Resources expended						
<i>Cost of generating funds:</i>						
- Fundraising trading		60,209	-	-	60,209	67,881
<i>Charitable activities:</i>						
- Academy trust educational operations	7	111,346	4,555,134	483,412	5,149,892	5,255,139
- Governance costs	8	-	7,500	-	7,500	8,802
Total resources expended		171,555	4,562,634	483,412	5,217,601	5,331,822
Net incoming/(outgoing) resources before transfers		76,174	125,493	(285,096)	(83,429)	(303,594)
Gross transfers between funds	16	(37,141)	(141,423)	178,564	-	-
Net income/(expenditure) for the year		39,033	(15,930)	(106,532)	(83,429)	(303,594)
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	16, 26	-	(478,000)	-	(478,000)	60,000
Net movement in funds		39,033	(493,930)	(106,532)	(561,429)	(243,594)
Reconciliation of funds						
Total funds brought forward at 1 September 2013	16	23,299	(285,893)	9,098,052	8,835,458	9,079,052
Funds carried forward at 31 August 2014		62,332	(779,823)	8,991,520	8,274,029	8,835,458

All of the academy's activities derive from continuing operations during the current financial period.

Balance Sheet as at 31 August 2014

	Notes	2014 £	2013 £
Fixed Assets			
Tangible assets	12	<u>8,933,674</u>	<u>9,159,119</u>
		8,933,674	9,159,119
Current assets			
Stock	13	20,785	15,621
Debtors	14	83,022	157,643
Cash at bank and in hand		<u>302,901</u>	<u>161,771</u>
		406,708	335,035
Liabilities			
Creditors: Amounts falling due within one year	15	<u>(192,643)</u>	<u>(284,800)</u>
Net current assets		214,065	50,235
Total assets less current liabilities		9,147,739	9,209,354
Creditors: amounts falling due after more than one year			
Long term liabilities	15	(82,710)	(59,896)
Pension scheme liability	26	(791,000)	(314,000)
Net assets including pension liability		8,274,029	8,835,458
Funds of the academy trust:			
Restricted income funds			
- Fixed asset fund	16	8,991,520	9,098,052
- General fund	16	11,177	28,107
- Pension reserve	16	<u>(791,000)</u>	<u>(314,000)</u>
Total restricted funds		8,211,697	8,812,159
Unrestricted funds			
- General fund	16	62,332	23,299
Total unrestricted funds		62,332	23,299
Total funds		8,274,029	8,835,458

The financial statements on pages 16 to 38 were approved by the trustees, and authorised for issue on 12 December 2014 and are signed on their behalf by:



M Ravenhill
Chair of Trustees

Cash Flow Statement for the period ended 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	20	215,811	(12,483)
Returns on investments and servicing of finance	21	531	528
Capital expenditure	22	(75,212)	(155,414)
Increase in cash in the period		<u>141,130</u>	<u>(167,369)</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013	23	161,771	329,140
Net funds at 31 August 2014		<u>302,901</u>	<u>161,771</u>

Notes to the Financial Statements for the Year Ended 31 August 2014

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA 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 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 and it is measurable.

- **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.

Notes to the Financial Statements for the Year Ended 31 August 2014 (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 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 trustees' 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 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 on a straight-line basis over its expected useful lives, as follows:

Buildings	2%
Main School Buildings	3.7%
Historic Cost Assets	12.5%
Lighting Upgrade	5%
Biomass Boiler	7%
Furniture and equipment	10%
Computer equipment and software	33%
All Weather Surface Pitches	10%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Leased Assets

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

Stock

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

Taxation

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

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1. Statement of Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 Note 26, 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 at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder / donor and include grants from the Education Funding Agency and Department for Education.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

2 Voluntary Income

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Donations - Revenue	-	-	-	559
PTA Donation	12,000	-	12,000	-
	12,000	-	12,000	559

3 Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Hire of Facilities	37,975	-	37,975	38,065
Items Sold	60,354	-	60,354	67,881
Sale of Fixed Assets	-	-	-	3,773
Academy Trips	-	201,665	201,665	197,019
Catering Income	90,040	-	90,040	79,394
Income from Services Provided	46,196	-	46,196	37,531
	234,565	201,665	436,230	423,663

4 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Pension Finance Income	-	3,000	3,000	-
Bank Interest	531	-	531	528
	531	3,000	3,531	528

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

5 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DfE/EFA Capital Grants				
Devolved Formula Capital	-	19,508	19,508	19,306
Academies Capital Maintenance Fund	-	117,606	117,606	37,510
Sport England Grant	-	45,872	45,872	-
MSDC Grant Aid for Community Project	-	15,330	15,330	-
	-	198,316	198,316	56,816
DfE/EFA Revenue Grants				
General Annual Grant	-	4,288,751	4,288,751	4,311,863
DfE/EFA Grants	-	-	-	2,560
Pupil Premium	-	98,528	98,528	73,074
EFA Redundancy Grant	-	19,910	19,910	40,333
16-19 Bursary Payments	-	16,698	16,698	17,958
National College for Teaching & Leaders	-	19,000	19,000	44,561
PE Teacher Grant	-	-	-	7,600
	-	4,442,887	4,442,887	4,497,949
Other Government Grants				
Other Government Grants	-	-	-	2,065
School Games Organiser Funding	-	24,715	24,715	27,874
High Tariff Needs Funding	-	10,000	10,000	4,084
Teacher's Pay Grant	-	5,410	5,410	14,690
Football Foundation Grant	633	-	633	-
Citizenship Grant	-	450	450	-
	633	40,575	41,208	48,713
	633	4,681,778	4,682,411	4,603,478

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

6 Resources Expended

	Non Pay Expenditure			Total	Total
	Staff Costs	Premises	Other Costs	2014	2013
	£	£	£	£	£
Costs of activities for generating funds	-	-	60,209	60,209	67,881
Academy's educational operations					
• Direct Costs	3,102,595	483,412	646,587	4,232,594	4,380,646
• Allocated Support Costs	457,198	81,421	378,679	917,298	874,493
	<u>3,559,793</u>	<u>564,833</u>	<u>1,085,475</u>	<u>5,210,101</u>	<u>5,323,020</u>
Governance costs (including allocated support costs)	-	-	7,500	7,500	8,802
	<u>3,559,793</u>	<u>564,833</u>	<u>1,092,975</u>	<u>5,217,601</u>	<u>5,331,822</u>

Incoming/outgoing resources for the year include:

	2014	2013
	£	£
Operating leases		
- Other leases	27,221	32,567
	<u>27,221</u>	<u>32,567</u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately.

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia/compensation payments	8,108	-	-

7 Charitable Activities - Academy's Educational Operations

	Total 2014 £	Total 2013 £
Direct costs- educational operations		
Teaching and educational support staff costs	3,133,543	3,287,702
Depreciation	483,412	480,227
Technology costs	44,449	38,050
Educational supplies	187,954	216,847
Examination fees	118,072	112,286
Staff development	41,018	26,259
Educational consultancy	3,270	3,415
Educational Visits	201,666	197,019
Pupil Transport	19,210	18,841
	<u>4,232,594</u>	<u>4,380,646</u>
Support costs - educational operations		
Support staff costs	457,198	401,808
Technology costs	887	4,816
Recruitment and support	52,933	47,813
Maintenance of premises and equipment	74,727	98,414
Cleaning	8,620	6,979
Rent, rates and water	28,593	25,743
Energy costs	74,590	77,754
Insurance	49,495	49,542
Travel and subsistence	4,920	5,648
Catering	99,333	90,095
Bank interest and charges	-	11,000
Other support costs	66,002	54,881
	<u>917,298</u>	<u>874,493</u>
	<u>5,149,892</u>	<u>5,255,139</u>

8 Governance Costs

	Total 2014 £	Total 2013 £
Legal and professional fees	2,500	1,562
Auditor's remuneration		
- Audit of financial statements	5,000	7,240
	<u>7,500</u>	<u>8,802</u>

9 Staff Costs

	Total 2014 £	Total 2013 £
Staff costs during the period were:		
Wages and salaries	2,896,867	2,945,754
Social security costs	212,795	216,863
Pension costs	415,952	413,338
	<u>3,525,614</u>	<u>3,575,955</u>
Supply Teacher costs	26,071	38,500
Staff restructuring costs	8,108	54,743
	<u>3,559,793</u>	<u>3,669,198</u>
Indirect employee expenses	9,467	6,820

Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £4,845 (2013: £29,099). None of the non-statutory/non-contractual payments exceeded £5,000 individually.

Staff numbers

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

	2014 No.	2013 No
Charitable Activities		
Teachers	53	53
Administration and support	34	34
Management	2	2
	<u>89</u>	<u>89</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2014 No.	2013 No
£60,001 - £70,000	3	2
£80,001 - £90,000	1	1
	<u>4</u>	<u>3</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for these staff amounted to £40,323 (2013: £31,013). None of the above employees participated in the Local Government Pension Scheme.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

10 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

J. McAtear (Headteacher trustee):	£100,001 - £105,000 (2013: £95,001 - £100,000)
M. Burrige (Staff trustee):	£ 50,001 - £ 55,000 (2013: £45,001 - £ 50,000)
P. Aldous (Staff trustee):	£ 30,001 - £ 35,000 (2013: £40,001 - £ 45,000)
G. Mugrave-Brown (Staff trustee):	£ 30,001 - £ 35,000 (2013: £25,001 - £ 30,000)

During the year ended 31 August 2014, travel and subsistence expenses totalling £955 (2013: £1,690) were reimbursed to 1 trustee

There were no other related party transactions involving the trustees.

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 £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £644 (2013: £644).

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

12 Tangible Fixed Assets

	Freehold Land and Buildings £	Plant and Machinery £	Computer Equipment and Software £	Furniture and Equipment £	Total £
Cost					
At 1 September 2013	8,079,837	931,653	159,101	680,090	9,850,681
Additions	128,525	-	1,580	127,862	257,967
Disposals	-	-	-	-	-
At 31 August 2014	8,208,362	931,653	160,681	807,952	10,108,648
Depreciation					
At 1 September 2013	343,859	122,039	101,742	123,922	691,562
Charged in year	303,848	66,566	36,627	76,371	483,412
Disposals	-	-	-	-	-
At 31 August 2014	647,707	188,605	138,369	200,293	1,174,974
Net Book Values					
At 31 August 2014	7,560,655	743,048	22,312	607,659	8,933,674
At 31 August 2013	7,735,978	809,614	57,359	556,168	9,159,119

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

13 Stock

	2014	2013
	£	£
Uniform	20,785	15,621
	<u>20,785</u>	<u>15,621</u>

14 Debtors

	2014	2013
	£	£
VAT recoverable	35,798	18,781
Other debtors	-	44,417
Prepayments and accrued income	47,224	94,445
	<u>83,022</u>	<u>157,643</u>

15 Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	10,152	40,765
Other creditors	35,070	73,445
Accruals and deferred income	<u>147,421</u>	<u>170,590</u>
	<u>192,643</u>	<u>284,800</u>

Deferred Income (included within the above)

	2014	2013
	£	£
Deferred Income at 1 September 2013	96,151	106,564
Resources deferred in the year	106,149	96,151
Amounts released from previous years	<u>(96,151)</u>	<u>(106,564)</u>
Deferred Income at 31 August 2014	<u>106,149</u>	<u>96,151</u>

Deferred income held at 31 August 2014 includes:

	2014
	£
EFA Rates re-imbursed for period 1 September 2014 to 31 March 2015	11,640
School Games Organiser Funding	13,880
EDF Feed-In Tariff Income from solar panels to be repaid to Suffolk CC	3,170
Academy trips	61,645
Funds received in advance of goods and services supplied	<u>15,814</u>
	<u>106,149</u>

Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Amounts falling due between two and five years	<u>82,710</u>	<u>59,896</u>
	<u>82,710</u>	<u>59,896</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

16 Statement of Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains / Losses £	Balance at 31 August 2014 £
Restricted general funds						
General Annual Grant (GAG)	-	4,288,751	(4,055,693)	(228,423)	-	4,635
Other DfE/EFA Grants	27,528	55,608	(59,173)	(18,000)	-	5,963
Other Restricted Funds	579	242,241	(242,241)	-	-	579
Pupil Premium	-	98,527	(98,527)	-	-	-
Pension reserve	(314,000)	3,000	(107,000)	105,000	(478,000)	(791,000)
	(285,893)	4,688,127	(4,562,634)	(141,423)	(478,000)	(779,823)
Restricted fixed asset funds						
DfE/EFA Capital Grants	777,901	182,986	-	-	-	960,887
Capital expenditure from GAG	362,802	-	-	123,423	-	486,225
Other Capital Income	7,835,004	15,330	(483,412)	18,000	-	7,384,922
Other Unrestricted Funds	122,345	-	-	37,141	-	159,486
	9,098,052	198,316	(483,412)	178,564	-	8,991,520
Total restricted funds	8,812,159	4,886,443	(5,046,046)	37,141	(478,000)	8,211,697
Unrestricted funds						
Unrestricted funds	23,299	247,729	(171,555)	(37,141)	-	62,332
Total unrestricted funds	23,299	247,729	(171,555)	(37,141)	-	62,332
Total funds	8,835,458	5,134,172	(5,217,601)	-	(478,000)	8,274,029

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. A grant receivable from EFA of £19,910 is to support the Academy redundancies. The following transfers have been made from GAG: £105,000 to the restricted pension fund representing the cost of employer contributions towards the Local Government Pension scheme. A transfer of £141,423 has been made from restricted general funds representing fixed asset additions and salix loan repayment. A transfer from unrestricted funds of £37,141 has been made to the restricted fixed asset fund for additions.

DfE/EFA and other grants were receivable during the year to support the standard of teaching and learning at the Academy. These grants include School Games Organiser, 16-19 Bursary, Teacher's Pay Grant, High Tariff Needs and Schools Direct Teacher Training Programme.

The Academy received the balance of the Capital Maintenance Fund 2013/14 bid (provided by Partnership for Schools) of which £37,510 was used to complete a suite of student toilets which can be used individually and reach an exceptionally high standard. Costs to complete the project in the period to the year ended 31 August 2014 amount to £33,760 which have been capitalised. The Academy was also successful in securing a bid for capital funding of £160,191 through the Capital Maintenance Fund for 2014/15 of which £80,096 was received in the year and the balance will be received in the year ending 31 August 2015. This grant will be used for roof repairs/replacement and work had not commenced in the year ending 31 August 2014.

The pension reserve deficit at the year end was £791,000 and represents the Academy's share of the deficit of the Local Government Pension Scheme. This deficit is being repaid over a seven year period.

Unrestricted funds include the sale of school meals, uniform sales, hire of facilities, PTA donation and income from services provided. These funds are used to support expenditure from the restricted general funds as required.

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

The trust is carrying a net surplus of £11,177 on restricted general funds which is made up of £4,635 GAG and £6,542 other restricted funds plus £62,332 unrestricted funds.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2014 £
Tangible fixed assets	-	-	8,933,674	8,933,674
Current assets	86,792	127,535	192,381	406,708
Current liabilities	(24,460)	(116,358)	(51,825)	(192,643)
Non current liabilities	-	-	(82,710)	(82,710)
Pension scheme liability	-	(791,000)	-	(791,000)
Total net assets	62,332	(779,823)	8,991,520	8,274,029

18 Capital Commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements		
Roofing Repairs/Replacement	29,000	-
Food Technology Relocation	39,854	-
Tennis Courts Renovation	-	94,318
Science Display	-	1,579
Toilets/MFL Team Room Renovation	-	15,000
	68,854	110,897

19 Financial Commitments

Operating Leases

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

	2014 £	2013 £
Other		
Expiring within one year	4,664	9,520
Expiring within two and five years inclusive	22,239	8,783
	26,903	18,303

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

20 Reconciliation of Net Income to Net Cash Inflow**from Operating Activities**

	2014 £	2013 £
Net income	(83,429)	(303,594)
Depreciation (note 12)	483,412	480,227
Capital grants from DfE and other capital income	(198,316)	(60,588)
Interest receivable (note 4)	(531)	(528)
FRS17 pension cost less contributions payable (note 26)	2,000	(5,000)
FRS17 pension finance income/(cost) (note 26)	(3,000)	11,000
Increase in stocks	(5,164)	629
Decrease in debtors	74,621	(20,313)
Decrease in creditors	(53,782)	(114,316)
Net cash Inflow from Operating Activities	215,811	(12,483)

21 Returns on Investments and Servicing of Finance

	2014 £	2013 £
Interest received	531	528
Net cash inflow from returns on investment and servicing of finance	531	528

22 Capital Expenditure and Financial Investment

	2014 £	2013 £
Purchase of tangible fixed assets	(257,967)	(197,519)
Capital grants	198,316	56,816
Receipts from sale of tangible fixed assets	-	10,851
Increase/(decrease) in capital financing	(15,561)	(25,562)
Net cash outflow from capital expenditure and financial investment	(75,212)	(155,414)

23 Analysis of Changes in Net Funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	161,771	141,130	302,901
Net funds	161,771	141,130	302,901

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

24 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.

25 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.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

26 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 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual 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.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS is assessed in two parts. First, a standard contribution rate 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 standard contribution rate 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 currently 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 standard contribution rate was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in Summer 2014 takes effect from September 2015.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

26 Pension and Similar Obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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 2014 was £131,000, of which employer's contributions totalled £105,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 24.4% from 1 April 2014, 25.4% from 1 April 2015 and 26.4% from 1 April 2016 for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,500	5.5%
£13,501 - £21,000	5.8%
£21,001 - £34,000	6.5%
£34,001 - £43,000	6.8%
£43,001 - £60,000	8.5%
£60,001 - £85,000	9.9%
£85,001 - £100,000	10.5%
£100,001 - £150,000	11.4%
Above £150,000	12.5%

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme Liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

26 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions

	At 31 August 2014 p.a.	At 31 August 2013 p.a.
Rate of increase in salaries	4.40%	5.10%
Rate of increase for pensions in payment/inflation	2.60%	2.80%
Discount rate for scheme liabilities	3.70%	4.60%
Inflation assumption (CPI)	5.50%	5.90%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:		

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.4	21.4
Females	24.4	23.3
<i>Retiring in 20 years</i>		
Males	24.3	23.7
Females	26.9	25.7

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.40%	941,000	6.70%	861,000
Bonds	3.40%	290,000	4.10%	262,000
Property	4.50%	138,000	4.70%	112,000
Cash	3.30%	14,000	3.60%	12,000
Total market value of assets		1,383,000		1,247,000
Present value of scheme liabilities				
- Funded		<u>(2,174,000)</u>		<u>(1,561,000)</u>
Deficit in the scheme		<u>(791,000)</u>		<u>(314,000)</u>

None of the fair values of the assets shown above includes 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 2014 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

The actual return on scheme assets was £150,000 (2013: £139,000).

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

26 Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2014	2013
	£	£
Current service cost (net of employee contributions)	103,000	90,000
Past service cost	-	-
Total operating charge	103,000	90,000

	2014	2013
	£	£
Expected return on pension scheme assets	76,000	47,000
Interest on pension liabilities	(73,000)	(58,000)
Pension finance income/(costs)	3,000	(11,000)

The actuarial gains and losses for the current year 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 FRS17 is a £376,000 loss (2013: £102,000 gain)

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

	2014	2013
	£	£
At 1 September	1,561,000	1,356,000
Current service cost	103,000	90,000
Interest cost	73,000	58,000
Employee contributions	26,000	25,000
Actuarial (gain) / loss	484,000	32,000
Benefits paid	(77,000)	-
Past Service cost	-	-
Curtailments and settlements	4,000	-
At 31 August	2,174,000	1,561,000

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

	2014	2013
	£	£
At 1 September	1,247,000	988,000
Expected return on scheme assets	76,000	47,000
Actuarial gain / (loss)	6,000	92,000
Employers contributions	105,000	95,000
Employee contributions	26,000	25,000
Benefits paid	(77,000)	-
At 31 August	1,383,000	1,247,000

The estimated value of employer contributions for the year ended 31 August 2015 is £137,000.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

The history of experience adjustments is as follows:

	2014	2013	2012	2011
	£	£	£	£
Present value of defined benefit obligations	(2,174,000)	(1,561,000)	(1,356,000)	(1,094,000)
Fair value of share of scheme assets	<u>1,383,000</u>	<u>1,247,000</u>	<u>988,000</u>	<u>814,000</u>
Deficit in scheme	<u>(791,000)</u>	<u>(314,000)</u>	<u>(368,000)</u>	<u>(280,000)</u>
	£	£	£	£
Experience adjustments on share of scheme assets	6,000	92,000	(1,000)	2,000
Experience adjustments on scheme liabilities	<u>(484,000)</u>	<u>(32,000)</u>	<u>(103,000)</u>	<u>144,000</u>

27 Related Party Transactions

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

No related party transaction took place in the period of account.

28 Events after the balance sheet date

On 25 and 26 November 2014 Hartismere School was inspected by Ofsted and was rated as 'Outstanding' in every category.