

HEALING SCIENCE ACADEMY LIMITED

(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

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COMPANIES HOUSE

Company Registration Number
(England and Wales)
7345756

HEALING SCIENCE ACADEMY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2012

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HEALING SCIENCE ACADEMY LIMITED
 COMPANY INFORMATION
 YEAR ENDED 31 AUGUST 2012

Governors

Mrs A Addison
 Mrs L Bates
 Mr A Beach
 Mrs C Beck
 Mr R Bloomfield (*resigned 5 March 2012*)
 Mr M Dowell
 Mr P Fieldgate
 Mrs H Hitchman
 Ms G Vasey (*formerly Mumby*)
 Mrs D Peers
 Mrs A Smith (*appointed 29 September 2011*)
 Mrs G Walker
 Mr G Walker (*appointed 9 July 2012*)
 Mrs K Weeden
 Mr G Woodcock

Position

Principal & Accounting Officer
 Parent Governor
 Chair of Governors
 Community Governor
 Community Governor
 Responsible Officer
 Partnership Governor
 Parent Governor
 Staff Governor
 Community Governor
 Staff Governor
 Parent Governor
 Community Governor
 Parent Governor
 Parent Governor

Senior Management Team

Mrs A Addison
 Mr R Biglands
 Mrs E Croft
 Mr T Flarty
 Mr S Foley
 Mr M Knapton
 Ms G Vasey
 Miss S O'Hare
 Mr R Owen
 Mr A Short
 Mrs A Smith

Principal
 Vice Principal
 Assistant Principal
 Premises Manager
 Assistant Principal
 Assistant Principal
 Bursar
 Associate Principal
 Associate Principal
 Business & Network Manager
 Assistant Principal

Company Secretary

Ms H Tiplady

Principal and Registered Office

Healing School – A Science Academy
 Low Road
 Healing
 N E Lincs
 DN41 7QD

Company Registration Number

7345756

Auditors

Baker Tilly UK Audit LLP
 Two Humber Quays
 Wellington Street West
 Hull
 HU1 2BN

Bankers

HSBC
 55 Victoria Street
 Grimsby
 N E Lincs
 DN31 1UX

Solicitors

Wilkin Chapman Grange
 Town Hall Square
 Grimsby
 N E Lincs
 DN31 1HE

HEALING SCIENCE ACADEMY LIMITED
GOVERNORS' REPORT
YEAR ENDED 31 AUGUST 2012

The Governors present their report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2012

The financial statements have been prepared in accordance with the accounting policies 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 with no share capital (registration no 7345756) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The governors act as trustees for charitable activities of the Academy and are also the directors of the Charitable Company for the purpose of company law. The Charitable Company is known as Healing School – A Science Academy. The articles of association require the members of the charitable company to appoint at least three Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

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 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 cease to be a member.

Governors

Fifteen of the Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

Governors retire after four years in office. Subject to remaining eligible to be a Governor, any Governor may be re-appointed or re-elected, at the meeting at which they retire.

The Governors who were in office at 31 August 2012 and served throughout the period, except where shown are listed on page 2.

During the year under review, the Governors held four meetings and 13 sub-committee meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

Organisational Structure

The Academy opened on 1st September 2010. The management structure consists of three levels: the Governors, the Senior Leadership Group and the Senior Support Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels, in all areas.

The Governors are responsible for setting general policy, annually adopting and routinely reviewing the academy's annual development plan, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments (Vice Principal level and above).

The Senior Leadership Group consists of the Principal, six senior Teaching Staff and the four Senior Support Staff, including the Bursar. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Senior Leadership Group is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts of Vice Principal and above always contain at least one Governor. Some spending control is devolved to members of the Management Team.

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 (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

As Governors, we acknowledge we have overall responsibility for ensuring that Healing School – A Science Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurances that

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or disposition,
- The proper records are maintained and financial information used within the Academy or for publication is reliable,
- The Academy complies with relevant laws and regulations.

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.

The Governors of Healing School – A Science Academy have appointed Mark Dowell, a Governor, 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. The RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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.

Objective, Aims and Public Benefit

The principal object and activity of the charitable company is the operation of Healing School – A Science Academy to advance for the public benefit education for pupils of different abilities between the ages of 11 and 16 with an emphasis on the Academy's specialism – Science.

We have referred to the Charity Commission's guidance on public benefit when reviewing our aims and objectives, and in planning our future activities. In particular the governors consider how planned activities will contribute to the aims and objectives they have set.

The aims and objectives of the Academy are set out in the Academy's Development Plan 2011/14.

The main objectives of the Academy during the year ended 31 August 2012 are summarised below.

The principal object and activity of the charitable company to 31 August 2012 was the operation of Healing School – A Science Academy to provide education for pupils of different abilities between the ages of 11 and 16.

Objective, Aims and Public Benefit (continued)

In accordance with the articles of association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and the development of the curriculum, which follows the national curriculum with an emphasis on Science and Maths.

The main objectives of the Academy during the year ended 31 August 2012 are summarised below:

- To maintain our relentless quest to raise attainment for all,
- To ensure 'teaching and learning' remains our primary focus,
- To maintain the highest leadership and management standards and build in future capacity via succession planning,
- To role out our new responsibilities as a Teaching School to secure maximum benefit for Healing and our associates,
- To embrace the autonomy of 'Academy status' to secure the delivery of our key priorities,

The Governors conducted the Academy's business to secure the above objectives in accordance with the highest standards of integrity, probity and openness.

Strategies and activities

The Academy's main strategy is encompassed in its core purpose declaration which is:

- To raise the achievement of children through efficient and effective use of resources in an atmosphere of high moral standards and shared social values,
- To ensure that all people whether pupils, teachers or other employees, are valued and allowed equal opportunity to develop to their full potential in a safe, healthy and caring environment.

To this end the Academy's on-going priorities are to:

- Provide a broad and balanced curriculum, which meets the needs of all our pupils,
- Raise standards of attainment at Key Stages 3 & 4,
- Ensure attendance rates remain high (minimum level of 95%),
- Promote a caring and safe environment, one in which each individual pupil is known and valued,
- Develop a coherent programme of continuous professional development for teaching and support staff based on the Academy Development targets and the outcomes of performance management interviews,
- Maintain and improve the school site, paying full regard to current health and safety legislation, in order to maximise the educational opportunities for our pupils,
- Market the school's profile in the community via collaborative activities and by extending community use of the school's facilities,
- Set statutory targets for the DoE.

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy is committed to equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making resources available and through training and career development.

Achievements and performance

The Academy has just completed its second year of operation, having opened for business on 1st September 2010 as one of the very first outstanding converter Academies. Total students in the year ended 31st August 2012 numbered 843 and the Academy was full or over-subscribed in all year groups. The Academy has a buoyant roll, at a time of reducing numbers of secondary school-age children in the locality.

It is anticipated the Academy will meet its agreed admission limit of 850 students, prior to the agreed 2013 deadline.

Overall, the 2011/12 academic year, saw the Academy sustain its outstanding status. This is evidenced by the

- GCSE examination results in which 91% of students achieved five GCSE grades including Mathematics and English (86% in 2011) with 61% of candidates achieving 3+ A or A* grades (45% in 2011). These results place our academy in the top 5% of schools, once again,
- Student attendance figures for the year which was 96 % (96% in 2011),
- Redesignation of the Academy as a National Support School for the National College and the Principal as a National Leader of Education,
- Completion of a first successful year for the Humber Teaching School which is based at Healing (Healing School was one of the first 100 Teaching Schools in England, at the end of a very competitive bidding process).

Our proudest achievement is that each of our pupils is known and valued and able to thrive in a disciplined, caring learning environment. All of our pupils have access to a broad and balanced curriculum and individual learning programmes, if appropriate, and an extensive range of extra-curricular opportunities. This means our pupils are secure and happy within their school community and develop the skills and confidence needed to flourish in their future careers. 100% of our Y11 students progressed to education or training, at the end of the academic year.

FINANCIAL REVIEW

Most of the Academy's income is obtained from the Department of Education (DfE)/Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Academy also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2012, total expenditure of £4,526,000 was more than covered by recurrent grant funding from the DfE/EFA together with incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £17,000.

At 31 August 2012 the net book value of fixed assets was £5,675,000 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

As at 31 August 2012 the FRS17 pension deficit amounted to £358,000.

Reserves policy

The Academy's "free" reserves are its funds after excluding restricted funds. "Reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure.

Healing School is an outstanding converter academy which has just completed its second year of operation. It is therefore still in the development stage of establishing itself as a first class Academy. However, the end of year two of Academy Status has been very successful – the school is full and oversubscribed at a time of falling pupil numbers locally, the school achieved its highest ever GCSE results and these results placed the school in the top 3% of schools nationally, the school completed its first year as a Teaching School and maintained its rolling programme of upgrading the facilities with the construction of a new administration block, upgrade of the Network Services Office and the commissioning of an extension to the dining room.

The Trustees are aware that the demands on the Academy's free reserves will vary over the coming years and appreciate that, in the long term, the Academy must build sufficient reserves to provide sufficient working capital to deal with unexpected emergencies and to cover delays between spending and receipt of grants. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £297,000, which is an increase of £285,000 from 10/11. The Academy intends to continue to build up free reserves to the equivalent of one month's expenditure, currently estimated at £370,000.

Principal risks and uncertainties

The principal risks and uncertainties which the Academy faces over the next few years are

- 1 The proposed change from a local to a National Funding Formula from 2015 onwards
- 2 From 2011 – 2014, the number of secondary aged pupils in N E Lincs declines

Investment policy

The Bursar liaises closely with HSBC Bank to ensure the best available rate of return on no risk investments

Going concern

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

Plans for future periods

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students develop into confident young citizens who secure jobs or a place in higher education, once they leave.

The Academy's priorities for 2011-2014 were agreed by the Governors, at their Board meeting on 26th September 2011 and include

- Raising Attainment by maintaining a relentless focus on the progress of all pupils,
- Ensuring the improvement of teaching and learning remains our primary focus,
- Succession planning for key middle and senior leadership posts,
- Developing a highly successful 'Teaching School' for our own, our partners and the region's benefit,
- Embracing the autonomy of Academy Status to secure the delivery of our key priorities,

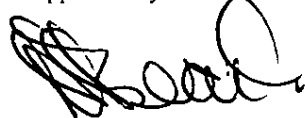
Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

Statement as to disclosure of information to auditors

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

Approved by order of the Governing Body at its meeting on 17th December 2012 and signed on its behalf by



Signed
Mr A Beach
Chairman

07/12/12

HEALING SCIENCE ACADEMY LIMITED
STATEMENT OF INTERNAL CONTROL
YEAR ENDED 31 AUGUST 2012

Scope of responsibility

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

The Governing Body has delegated the day to day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Healing School – A Science Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
Mrs A Addison	17	17
Mrs L Bates	7	7
Mr A Beach	17	17
Mrs C Beck	7	7
Mr R Bloomfield	2	5
Mr M Dowell	7	9
Mr P Fieldgate	10	13
Mrs H Hitchman	9	12
Ms G Mumby	11	11
Mrs D Peers	6	8
Mrs A Smith	7	7
Mrs G Walker	5	7
Mrs K Weeden	3	7
Mr G Woodcock	3	7

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Healing School – A Science Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

HEALING SCIENCE ACADEMY LIMITED
STATEMENT OF INTERNAL CONTROL
YEAR ENDED 31 AUGUST 2012

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The Academy'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 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 governors have appointed Mr M Dowell, a governor, 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. In its second year of operation, the Responsible Officer submitted 4 reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

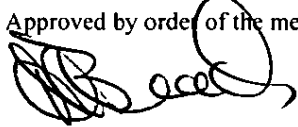
Review of effectiveness

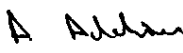
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Premises, Health and Safety 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 17th December 2012 and signed on its behalf by


Mr A Beach
Chair of Governors


Mrs A Addison
Principal

17/12/12

HEALING SCIENCE ACADEMY LIMITED
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust governing body are able to identify any 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 irregular, impropriety or funding non-compliance have been discovered to date.

A. Addison

Mrs A Addison
Principal

17/12/12

HEALING SCIENCE ACADEMY LIMITED
STATEMENT OF GOVERNORS' RESPONSIBILITIES
YEAR ENDED 31 AUGUST 2012

The Governors (who act as trustees for charitable activities of Healing School – A Science Academy and 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 Academies Accounts Direction 2011/12 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

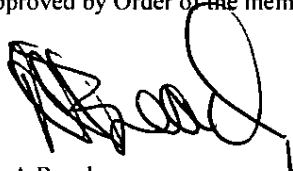
Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, the governors are required to

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

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

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

Approved by Order of the members of the governing body on 17th December 2012 and signed on its behalf by



Mr A Beach
Chair of Governors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HEALING SCIENCE ACADEMY LIMITED
YEAR ENDED 31 AUGUST 2012

We have audited the financial statements of Healing Science Academy Limited for the year ended 31 August 2012 on pages 14 to 32. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' 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:

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

Baker Tilly UK Audit LLP

M J Standish (Senior Statutory Auditor)

For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor

Chartered Accountants

Two Humber Quays

Wellington Street West

Hull

HUI 2BN

21/12/2012

HEALING SCIENCE ACADEMY LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total 2012	Total 2011
		£'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES						
Income from generated funds						
- Voluntary income	3	24	14	514	552	174
- Voluntary income – transfer on conversion		-	-	-	-	4,822
- Activities for generating funds	4	187	-	-	187	172
Investment income	5	3	-	-	3	1
Income from charitable activities						
- Funding for the Academy's educational operations	6	-	4,946	-	4,946	4,680
Total incoming resources		<u>214</u>	<u>4,960</u>	<u>514</u>	<u>5,688</u>	<u>9,849</u>
RESOURCES EXPENDED						
Costs of Generating Funds						
Cost of activities for generating funds		188	-	-	188	170
Charitable activities						
- Academy's educational operations	8	-	4,179	149	4,328	4,408
- Governance costs	9	-	10	-	10	16
Total resources expended	7	<u>188</u>	<u>4,189</u>	<u>149</u>	<u>4,526</u>	<u>4,594</u>
NET INCOMING RESOURCES BEFORE TRANSFERS		<u>26</u>	<u>771</u>	<u>365</u>	<u>1,162</u>	<u>5,255</u>
Transfers between funds	17	259	(898)	639	-	-
NET INCOME FOR THE YEAR		<u>285</u>	<u>(127)</u>	<u>1,004</u>	<u>1,162</u>	<u>5,255</u>
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (loss)/gain on defined benefit schemes	17,26	-	(141)	-	(141)	111
NET MOVEMENT IN FUNDS						
RECONCILIATION OF FUNDS						
Total fund, brought forward at 1 September 2011		12	233	5,121	5,366	-
Total funds carried forward at 31 August 2012	18	<u>297</u>	<u>(35)</u>	<u>6,125</u>	<u>6,387</u>	<u>5,366</u>

All of the Academy's activities are derived from continuing activities


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

HEALING SCIENCE ACADEMY LIMITED
BALANCE SHEET
AT 31 AUGUST 2012

Company Registration Number 07345756

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
FIXED ASSETS					
Tangible assets	13		5 675		5,121
CURRENT ASSETS					
Stock	14	1		1	
Debtors	15	527		297	
Cash at bank and in hand		1,056		648	
		<u>1,584</u>		<u>946</u>	
CREDITORS Amounts falling due within one year	16	(514)		(490)	
NET CURRENT ASSETS			<u>1,070</u>		<u>456</u>
NET ASSETS EXCLUDING PENSION LIABILITY			6,745		5,577
Pension scheme liability	26		<u>(358)</u>		<u>(211)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>6,387</u>		<u>5,366</u>
THE FUNDS OF THE ACADEMY TRUST					
RESTRICTED FUNDS					
Fixed asset fund	17		6,125		5,121
General fund			<u>323</u>		<u>444</u>
Restricted funds excluding pension reserve			6,448		5,565
Pension reserve			<u>(358)</u>		<u>(211)</u>
TOTAL RESTRICTED FUNDS			<u>6,090</u>		<u>5,354</u>
TOTAL UNRESTRICTED FUNDS			<u>297</u>		<u>12</u>
TOTAL FUNDS			<u>6,387</u>		<u>5,366</u>

The financial statements on pages 14 to 32 were approved by the governors and authorised for issue on 17 December 2012 and signed on their behalf by



Mr A Beach
Chair of Governors

HEALING SCIENCE ACADEMY LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

	<i>Note</i>	2012 £'000	2011 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	21	1,058	476
Returns on investments and servicing of finance	22	3	1
Capital expenditure	23	(653)	(164)
Cash transferred on conversion to an Academy Trust		<u>-</u>	<u>335</u>
INCREASE IN CASH IN THE YEAR		<u>408</u>	<u>648</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in the year		<u>408</u>	<u>-</u>
Change in net funds		408	648
NET FUNDS AT 1 SEPTEMBER 2011		<u>648</u>	<u>-</u>
NET FUNDS AT 31 AUGUST 2012	24	<u>1,056</u>	<u>648</u>

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

I ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the period are

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards the 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies' Accounts Direction 2011/12 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 governors assess whether the use of going concern is appropriate and 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

Fixed asset 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. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued

Donations

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

Other Income

Other income including 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 the Academy's policies

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

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

Charitable costs are costs incurred on the Academy's educational operations.

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

All resources expended up until March 2011 were inclusive of irrecoverable VAT. From March 2011, Healing Science Academy was VAT Registered.

Deferred income

Deferred income is included as a creditor within the balance sheet and relates to restricted funding received in advance but where the related expenditure can only take place in a future accounting period.

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 General Funds are resources subject to specific restrictions imposed by funders or donors, and include grants from EFA.

Restricted Fixed Asset Funds are resources which are to be applied to specific capital purposes imposed by the EFA, where the asset acquired or created is held for a specific purpose.

Tangible Fixed Assets

Tangible fixed 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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided on all tangible assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over expected useful lives, as follows -

Freehold buildings	40 Years
Fixtures, fitting and equipment	5 years
ICT equipment	3 years

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

Land and buildings transferred on conversion from Healing Comprehensive School to the academy trust were valued at fair value, being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item.

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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.

Taxation

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

Pensions Benefits

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

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

2 GENERAL ANNUAL GRANT (GAG)

	2012 £'000	2011 £'000
a) Results and Carry Forward for the year		
GAG brought forward from previous year	106	-
GAG allocation for the current year	4,546	3,969
Total GAG available to spend	4,652	3,969
Recurrent expenditure from GAG	(3,817)	(3,562)
Fixed asset purchased from GAG	(639)	(301)
GAG carried forward to next year	196	106
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(545)	(476)
GAG to surrender to DfE/EFA (12% rule breached if result is positive)	(349) No Breach	(370) No Breach
b) Use of GAG brought forward from previous year for recurrent purposes		
Recurrent expenditure from GAG in current year	3,817	
GAG allocation for current year	(4,546)	
GAG allocation for previous year x 2%	(79)	
GAG brought forward from previous year in excess of 2% used on recurrent expenditure in current year (2% rule breached if result is positive)	(808) No breach	

3 VOLUNTARY INCOME

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2012 Total £'000	2011 Total £'000
DfE/EFA Capital Grants	-	-	514	514	144
Other income	24	14	-	38	30
	<u>24</u>	<u>14</u>	<u>514</u>	<u>552</u>	<u>174</u>

4 ACTIVITIES FOR GENERATING FUNDS

	2012 Total £'000	2011 Total £'000
Hire of Facilities	1	2
Catering	186	170
	<u>187</u>	<u>172</u>

5 INVESTMENT INCOME

	2012 Total £'000	2011 Total £'000
Bank Interest	3	1

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

6 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2012 £'000	Total 2011 £'000
DfE/YPLA REVENUE GRANTS		
General annual grant (GAG) (note 2)	4,546	3,969
Other DfE/EFA grants	265	606
	<u>4,811</u>	<u>4,575</u>
OTHER GOVERNMENT GRANTS		
Special educational projects	55	68
Other	80	37
	<u>135</u>	<u>105</u>
	<u>4,946</u>	<u>4,680</u>

7 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Total 2012 £'000	Total 2011 £'000
Costs of activities for generating funds	-	-	188	188	170
Academy's educational operations					
Direct costs	2,841	116	292	3,249	3,166
Allocated support costs	466	382	231	1,079	1,242
	<u>3,307</u>	<u>498</u>	<u>523</u>	<u>4,328</u>	<u>4,408</u>
Governance costs including allocated support costs	-	-	10	10	16
	<u>3,307</u>	<u>498</u>	<u>721</u>	<u>4,526</u>	<u>4,594</u>
				2012 £'000	2011 £'000
Operating leases – plant and machinery				4	4
Fees payable to auditor					
Audit				8	4
Other Services				<u>1</u>	<u>1</u>

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	2012 £'000	2011 £'000
DIRECT COSTS		
Teaching and educational support staff costs	2,841	2,726
Depreciation	116	105
Educational supplies	90	94
Examination fees	53	103
Staff development	53	22
Educational consultancy	88	107
Other direct costs	8	9
	<u>3,249</u>	<u>3,166</u>
ALLOCATED SUPPORT COSTS		
Support staff costs	466	508
Depreciation	33	7
Recruitment and support	20	20
Maintenance of premises and equipment	195	251
Cleaning	7	7
Rent and rates	19	22
Insurance	36	42
Security and transport	19	13
Catering	28	29
Bank interest and charges	-	1
FRS 17 interest	7	9
Other support costs	107	76
Heat and Light	73	76
Technology	69	181
	<u>1,079</u>	<u>1,242</u>
	<u>4,328</u>	<u>4,408</u>

9 GOVERNANCE COSTS

	2012 £'000	2011 £'000
Legal and professional fees	1	11
Auditors' remuneration	9	5
	<u>10</u>	<u>16</u>

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

10 STAFF COSTS

	2012 £'000	2011 £'000
Staff costs during the period were		
Wages and salaries	2,707	2,637
Social security costs	200	196
Pension costs	400	398
	<u>3,307</u>	<u>3,231</u>
Supply teacher costs	-	3
	<u>3,307</u>	<u>3,234</u>

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2012 expressed as full time equivalents was as follows

	2012 No	2011 No
Teachers	47	49
Administration and support	36	37
Management	11	10
	<u>94</u>	<u>96</u>

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

	2012 No	2011 No
£60,001 - £70,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

The 2 employees in the category above participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff members amounted to £24,459 (2011 £23,961)

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

11 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors. The value of the Principal's remuneration was £112,181 in 2012 (2011 £108,070). The Principal is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £15,818 (2011 £15,242). The value of staff governors' remuneration was £87,972 (2011 £74,647). The staff governors are accruing retirement benefits under the Teachers' Pension Scheme and the Local Government Pension Scheme. The contributions paid in the year amounted to £14,159 (2011 £12,256).

During the year ended 31 August 2012, travel and subsistence expenses totalling £Nil (2011 £130) were reimbursed to Nil (2011 one) governors.

Related party transactions involving the trustees are set out in note 27.

12 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 Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2012 was £889 (2011 £889).

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

13 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Assets in the course of construction £'000	Fixtures fittings and equipment £'000	Total £'000
Cost				
1 September 2011	5,106	-	127	5,233
Additions	<u>588</u>	<u>77</u>	<u>38</u>	<u>703</u>
31 August 2012	<u>5,694</u>	<u>77</u>	<u>165</u>	<u>5,936</u>
Depreciation				
1 September 2011	104	-	8	112
Charged in the year	<u>115</u>	<u>-</u>	<u>34</u>	<u>149</u>
31 August 2012	<u>219</u>	<u>-</u>	<u>42</u>	<u>261</u>
Net book value				
31 August 2012	<u>5,475</u>	<u>77</u>	<u>123</u>	<u>5,675</u>
31 August 2011	<u>5,002</u>	<u>-</u>	<u>119</u>	<u>5,121</u>

14 STOCK	2012 £'000	2011 £'000
Clothing	<u>1</u>	<u>1</u>

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

15	DEBTORS	2012 £'000	2011 £'000
	Trade debtors	1	11
	Other debtors	72	155
	Amounts due from funding body	410	71
	Prepayments	44	60
		<u>527</u>	<u>297</u>

16	CREDITORS Amounts falling due within one year	2012 £'000	2011 £ 000
	Trade creditors	137	350
	Amounts owed to funding body	-	56
	Other creditors	272	-
	Accruals and deferred income	105	84
		<u>514</u>	<u>490</u>

Deferred income	2012 £'000	2011 £'000
Deferred income at 1 September 2011	45	-
Resources deferred in the year	34	45
Amount released from previous years	(45)	-
	<u>34</u>	<u>45</u>
Deferred income at 31 August 2012	<u>34</u>	<u>45</u>

Deferred income relates to funding received in advance but where expenditure can only take place in a future accounting period

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

17 FUNDS

	At 1 September 2011 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	At 31 August 2012 £'000
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	106	4,546	(3,817)	(639)	196
Pension reserve	(211)	-	(6)	(141)	(358)
Other DfE/EFA	79	265	(217)	-	127
	<u>(26)</u>	<u>4,811</u>	<u>(4,040)</u>	<u>(780)</u>	<u>(35)</u>
Other government grants	-	135	(135)	-	-
Transfer on conversion	259	-	-	(259)	-
Other income	-	14	(14)	-	-
	<u>233</u>	<u>4,960</u>	<u>(4,189)</u>	<u>(1,039)</u>	<u>(35)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE capital grants	144	514	-	-	658
Capital expenditure from GAG	293	-	(45)	639	887
Transfer on conversion	4,684	-	(104)	-	4,580
	<u>5,121</u>	<u>514</u>	<u>(149)</u>	<u>639</u>	<u>6,125</u>
TOTAL RESTRICTED FUNDS	<u>5,354</u>	<u>5,474</u>	<u>(4,338)</u>	<u>(400)</u>	<u>6,090</u>
TOTAL UNRESTRICTED FUNDS	<u>12</u>	<u>214</u>	<u>(188)</u>	<u>259</u>	<u>297</u>
TOTAL FUNDS	<u>5,366</u>	<u>5,688</u>	<u>(4,526)</u>	<u>(141)</u>	<u>6,387</u>

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 is allowed to carry forward up to 12% of the current GAG. Of the carried forward amounts, up to 2% of GAG can be used for general purposes at the discretion of the Academy but any balance over 2% must be used for capital purposes.

The Restricted Pension Fund relates to the deficit on the Local Government Pension Scheme.

The Restricted Fixed Assets Fund represents fixed assets funded by capital grants and assets transferred on conversion to an Academy.

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

18	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
	Tangible fixed assets	-	-	5,675	5,675
	Current assets	297	837	450	1,584
	Current liabilities	-	(514)	-	(514)
	Pension scheme liability	-	(358)	-	(358)
		<u>297</u>	<u>(35)</u>	<u>6,125</u>	<u>6,387</u>
19	CAPITAL COMMITMENTS			2012 £'000	2011 £'000
	Contracted for, but not provided in the financial statements			<u>234</u>	<u>333</u>
20	FINANCIAL COMMITMENTS				
	OPERATING LEASES				
	At 31 August 2012 the Academy Trust had annual commitments under non-cancellable operating leases as follows			2012 £'000	2011 £'000
	Other				
	Expiring within two and five years inclusive			<u>4</u>	<u>4</u>
21	RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES			2012 £'000	2011 £'000
	Net income			1,162	5,255
	Cash impact of transfer on conversion			-	(4,822)
	Depreciation (note 13)			149	112
	Capital grants from DfE and others			(514)	(144)
	Interest receivable			(3)	(1)
	FRS 17 pension cost less contributions payable (note 26)			(1)	12
	FRS 17 pension finance cost (note 26)			7	9
	Increase in stocks			-	(1)
	Decrease/(increase) in debtors			109	(226)
	Increase in creditors			149	282
				<u>1,058</u>	<u>476</u>
22	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			2012 £'000	2011 £'000
	Interest received			3	1
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE			<u>3</u>	<u>1</u>

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

23	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2012 £'000	2011 £'000
	Purchase of tangible fixed assets	(828)	(237)
	Capital grants from DfE/EFA	175	73
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(653)</u>	<u>(164)</u>

24	ANALYSE OF CHANGES IN NET FUNDS	At 1 September 2011 £'000	Cash flows £'000	At 31 August 2012 £'000
	Cash in hand and at bank	648	408	1,056
		<u>648</u>	<u>408</u>	<u>1,056</u>

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

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

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 Hymans Robertson LLP Both are defined-benefit schemes

Total pension cost for the year

	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Teachers' pension scheme – contributions paid		282		281
Local government pension scheme contributions paid	119		105	
FRS 17	<u>(1)</u>	<u>118</u>	<u>12</u>	<u>117</u>
Total pension costs for the year		<u>400</u>		<u>398</u>

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 year

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%
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Following the implementation of Teacher's Pension (Employer Supplementary Contribution) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2011 to 31 August 2012 the employer contribution was 14.1 per cent The employee rate was 6.4% for the period to 31 March 2012 with rates between 6.4% and 8.8% depending on the member's salary from 1 April 2012 An appropriate provision in respect of unfunded pensioners' benefits is included in provisions

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

26 PENSION AND SIMILAR OBLIGATIONS (continued)

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August was £157,000, of which employer's contributions totalled £119,000 and employees' contribution totalled £38,000. The agreed rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal actuarial assumptions

	2012	2011
Expected rate of salary increases *	4.5%	4.9%
Expected return on assets	4.9%	6.2%
Discount rate	4.1%	5.4%
Pension increase	2.2%	2.6%
Inflation assumption	2.2%	2.6%

*Salary increases are 1% nominal until 31 March 2015, reverting to the long term rates shown thereafter.

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

	2012 years	2011 Years
Retiring today		
Males	22.9	22.9
Females	25.7	25.7
Retiring in 20 years		
Males	24.9	24.9
Females	27.7	27.7

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

26 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2012	Value at 31 August 2012 £'000	Expected return at 31 August 2011	Value at 31 August 2011 £'000
Equities	5.5%	588	6.8%	450
Bonds	3.4%	96	4.6%	65
Property	3.7%	64	4.8%	36
Cash	2.8%	56	3.9%	41
TOTAL MARKET VALUE OF ASSETS		804		592
Present value of scheme liabilities				
- Funded		(1,162)		(803)
DEFICIT IN THE SCHEME		(358)		(211)

The actual return on scheme assets was £55,000 (2011 £38,000)

The asset return assumptions are based on the recommended return assumptions derived from the Hymans Robertson Asset Model. The only exception is the expected return on bond assets, calculated using the yields applicable at the accounting date on suitable bond indices.

Amounts recognised in the statement of financial activities	2012 £'000	2011 £'000
Current service cost (net of employee contributions)	118	117
Past service cost	-	-
Total operating charge	118	117
Analysis of pension finance costs		
Expected return on pension scheme assets	41	30
Interest on pension liabilities	(48)	(39)
Pension finance costs	(7)	(9)
Movement in deficit	£'000	£'000
Deficit in scheme at 1 September	(211)	(301)
Employer service cost (net of employee contributions)	(118)	(117)
Employer contributions	119	105
Net interest	(7)	(9)
Actuarial (loss)/gain	(141)	111
Deficit in Scheme at 31 August	(358)	(211)

HEALING SCIENCE ACADEMY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 AUGUST 2012

26 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year are recognised in the SOFA

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is (£30,000) (2011 £111,000)

Movements in the present value of defined benefit obligations were as follows.	2012 £'000	2011 £'000
At 1 September	803	716
Current service cost	118	117
Interest cost	48	39
Employee contributions	38	34
Actuarial gain	155	(103)
	<hr/>	<hr/>
At 31 August	<u>1,162</u>	<u>803</u>
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September	592	415
Expected return on assets	41	30
Actuarial gain	14	8
Employer contributions	119	105
Employee contributions	38	34
	<hr/>	<hr/>
At 31 August	<u>804</u>	<u>592</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £119,000

27 RELATED PARTIES

On 1 September 2010 the Governors of Healing School a Science and Foundation College transferred a freehold interest in land and buildings to the Academy for £nil consideration. The land and buildings were subsequently valued at £4,788,000 by professional valuers and are included in tangible fixed assets.

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.

28 POST BALANCE SHEET EVENTS

Investment returns

The global economic downturn has resulted in volatility in investment markets. As a result there is an increased risk that the value of investments held by the Academy, whether directly or indirectly (such as through the pension fund) may have deteriorated. However, any such deterioration is considered to be a non-adjusting event and as such has not been reflected in these financial statements.