

**HARROGATE GRAMMAR SCHOOL ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 9 FEBRUARY 2011 TO 31 AUGUST 2011**



WEDNESDAY



\*A0ZUVWR4\*

A26

04/01/2012

#27

COMPANIES HOUSE

***Company Limited by Guarantee***

***Registration Number:  
07523507 (England and Wales)***

## **Contents**

	<b>Page</b>
<b>Reports</b>	
Governor's and Accounting Officer's Annual Report	2
Reference and administrative information	9
Statement of Governors' and Accounting Officer's Responsibilities	13
Risk Management and Statement on the System of Internal Financial Controls	14
Independent auditor's report	17
<b>Financial Statements</b>	
Statement of financial activities	19
Income and expenditure account	20
Balance sheet	21
Cash flow statement	22
Notes to the financial statements	23

## **Governors and Accounting Officer's Annual Report**

### **Structure, Governance and Management**

#### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no 07523507) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by the Governing Body or the Secretary of State for Education. 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 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.

#### **Governance**

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 are subject to retirement after four years but are eligible for re-election at the meeting at which they retire.

The governors who were in office at 31 August 2011 and served throughout the period, except where shown are listed on page 9.

During the period under review the governors held 6 meetings. In addition, there was a Governors Conference. The training and induction provided for new Governors will depend on their existing experience. Where necessary the induction will provide training on charity, 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. As there are normally only two or three new governors a year, induction tends to be done informally and is tailored specifically to the individual.

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

#### **Organisational Structure**

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Managers are the Headteacher, Deputy Headteacher, the Finance Director and Assistant Headteachers. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the Extended Leadership Team, with limits above which a Senior Manager must countersign.

The Extended Leadership Team includes the Senior Management, the Faculty Leaders and the Pastoral Leaders. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

## **Strategic Direction**

### **Objects, aims and objectives for Public Benefit**

The principal object and activity of the charitable company is the operation of the Harrogate Grammar School Academy Trust to advance, for the public benefit, education for students of different abilities between the ages of 11 and 19

The governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced and relevant to the needs and aspirations of all our learners. The aims of the Academy during the period ended 31 August 2011 are summarised below

We aim to ensure that students will learn, achieve and develop as positive members of the school and wider community

### **Learning**

- Feel safe at school, enjoy their learning and want to come to school every day
- Have qualifications that create a pathway to success
- Be creative and independent thinkers and learners who embrace change and enjoy challenge
- Have had a wide range of learning experiences beyond the formal curriculum

### **Achieving**

- Experience a sense of achievement through aspiring to do their best
- Have been given a variety of opportunities to represent their school
- Be part of a school that is recognised locally, nationally and internationally for its work

### **Developing**

- Be emotionally and physically healthy
- Be altruistic, charitable, thoughtful and kind
- Have self belief, confidence and pride in themselves and their school
- Be able to demonstrate the ability to get on well and work with others
- Have a social conscience and have played an active part in the community
- Have opportunities to develop their leadership skills and confidence

### **Strategies and activities**

The Academy's vision is as follows

*To become a world class school in which standards of achievement are outstanding for all students and in which all individuals benefit from being part of an inspiring, supportive and dynamic learning community that achieves excellence for all*

Our strategic priorities for 2011/12 are as follows and more detail is published in the School Development Plan

- |   |  |   |                                   |
|---|--|---|-----------------------------------|
| 1 | Continuing to improve teaching and learning  | 5 | IT Development                    |
| 2 | Teaching School Development                  | 6 | Staffing/Budget Review            |
| 3 | Improving Sixth Form Capacity & Outcomes     | 7 | Improving Self-Evaluation Systems |
| 4 | Tackling areas of relative under-performance | 8 | Academy Optimisation              |

### **Equal opportunities and employment of disabled persons**

The Academy is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Academy's Single Equality Policy is published on its website.

The policy responds to the Equality Act 2010 which supersedes and strengthens all previous acts and regulations concerning race relations, gender equality, employment equality and disability discrimination.

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Academy continues. The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

### **Disability statement**

The Academy seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005 and superseded by the equality act 2010.

- a) As part of its accommodation strategy the Academy reviewed its access arrangements and continues to increase accessibility where practical. The Academy has appointed a Learning Support Coordinator, who provides information and advice regarding access issues and arranges support where necessary for students with disabilities.
- b) There is a list of specialist equipment, such as radio aids, which the Academy can make available for use by students and a range of assistive technology is available in the learning centre.
- c) The admissions policy for all students is described in the Academy Funding Agreement. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The Academy has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of well qualified teaching assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in Faculty handbooks standard Academy format.
- g) There is a strong team of pastoral professionals who provide pastoral counselling and welfare services to students as needs arise.

## **Performance against Objectives**

The Academy conversion was completed on 1<sup>st</sup> March 2011. Total students at the point of the January 2011 census were 1,764 (January 2010 1,753)

Examination results for 2011 were very pleasing. At A Level the school achieved an A\*-B rate of 57%, significantly above the national average. The average grade for students increased to 92.7 UCAS points which is closer to a B-grade than a C-grade and is the highest in the school's history.

At GCSE 97% of students gained A\*-C and 83% gained A\*-C including English and Maths. These results are on a par with the previous year, though with a weaker year group according to FFT data, so a very pleasing set of results. The number of grades at A\* improved to 12%, significantly above the national average. The percentage of students achieving the English Baccalaureate rose to 49%, up 11% from the year before.

To ensure that standards are continually raised the Academy operates a rigorous programme of self-evaluation which leads directly to improvement plans, targeted at whole school and subject level.

During the period the school was delighted to achieve the status of Teaching School.

An Ofsted inspection in the Summer term found our Languages provision to be Outstanding in all aspects.

## **Financial objectives**

The Academy's financial objectives are to manage its financial affairs to support the achievement of the strategic priorities as set out in the School Development Plan through the maximising of revenue and management of cost and risk in all cases on a basis consistent with the Academy's competencies and values.

## **Finance Review**

### **Financial report for the period**

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

The Academy also successfully bid for Capital Maintenance funds from the YPLA. 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 2011, total recurrent expenditure of £5,429,000 was covered by recurrent grant funding from the YPLA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £653,000, however this includes accounting for the inherited pension liability of the organisation of £1,248,000.

At 31 August 2011 the net book value of fixed assets was £26,846,000 with 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 students of the Academy.

### **Reserves policy and financial position**

#### **Reserves policy**

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The governors have determined that the appropriate level of free reserves should be equivalent to 3 weeks expenditure, approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £335,000 which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

#### **Financial position**

The Academy held fund balances at 31 August 2011 of £26,019,000 comprising £25,684,000 of restricted funds and £335,000 of unrestricted general funds. Included amongst these numbers is a pension reserve deficit of £1,263,000.

#### **Investment policy**

The Governing Body have delegated authority to the Finance Director to utilise the term deposit arrangements with LloydsTSB in order that interest receipts are maximised in a low risk investment. Unless authorised by the Governing Body, term deposits will not exceed 12 months and the projected current account balance will not be allowed to fall below £250,000 at any point.

#### **Principal Risks and Uncertainties**

The Academy has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The Responsible Officer undertakes a termly internal audit inspection and oversees a programme of risk review.

The Audit Committee undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should

mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy level which will be reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

#### 1 Government funding

The Academy has considerable reliance on continued government funding through the YPLA. In 2010/11, 92% of the Academy's recurrent revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Student numbers are the key driver of YPLA funding and every effort is made to ensure our current stable main school student numbers are protected. Maintaining and growing the numbers of students in our Sixth Form is a critical priority for the Academy, particularly in the light of future cuts in 16-19 funding.
- Considerable focus and investment is placed on maintaining and managing key relationships with the YPLA.
- Protecting the Academy from reputational damage is a key component of our risk strategy and this includes an ongoing focus on achieving excellent examination results.

#### 2 Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 17. We will continue to carefully review the level of exposure to the pension fund deficit.

#### 3 Minimise the risk of litigation against the Academy

Management and governors are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, students and other stakeholders are minimised in order to prevent reputational damage and financial loss. Adequate insurance cover remains an absolute necessity.

#### 4 Ensure diligence in all aspects of Health and Safety compliance

Management and governors are highly focused on the need to ensure risks of damage to property and persons are minimised by adhering to a robust Health and Safety policy and by calling on expert advice in this area where required.

#### 5 Ensure ongoing cash solvency

Work closely with external auditors, internal Responsible Officer checks and Audit Committee overview to ensure internal controls are in place to minimise the possibility of unexpected financial losses. Robust scrutiny of financial information by Resources Committee to ensure due diligence in all aspects of financial planning and budgeting to include robust cash management and forecasting.



---

## **Public Benefit, Sustainability, Social and Community Issues**

### **Public Benefit**

The Governors have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy

### **Sustainability**

The Academy is committed to sustainable development throughout all aspects of its operations. In the past twelve months the Academy has significantly improved its Display Energy Certificate (DEC) rating from G to F.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires academies, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 9 February 2011 to 31 August 2011, the Academy operated with a creditor days ratio of 25 days. The Academy incurred no interest charges in respect of late payment for this period.

## **Reference and Administrative Details**

### **Governors (Trustees)**

Mr J McHugh (Chair and Member)  
Mr J Clark (Member)  
Mr A Lewis (Member)  
Mr J Rawel (Member)  
Mr D Wheat (Member)  
Mr D Wilton (Member)  
Mrs J Cox  
Mrs H Flynn  
Mrs J Guinness  
Mr A Hatton (resigned 24 August 2011)  
Mrs F Holliday  
Ms S Greenall  
Dr J Sharples  
Mr R Sherff  
Mr W Stokoe  
Dr T Stowell  
Mr M Trantor  
Mrs L Weston

### **Secretary**

Mr S Howell

### **Registered Office**

Arthurs Avenue, Harrogate, HG2 0DZ

### **Company Registration Number**

07523507 (England and Wales)

**Auditors**

RSM Tenon  
The Hamlet  
Hornbeam Park  
Harrogate  
HG2 8RE

**Bankers**

LloydsTSB  
8-11 Cambridge Crescent  
Harrogate  
HG1 1PQ

**Solicitors**

Schofield Sweeney Solicitors  
Springfield House  
76 Wellington Street  
Leeds  
LS1 2AY

## **Performance Indicators**

In its most recent full inspection by Ofsted in October 2007 the school was graded Outstanding

A themed inspection for Modern Foreign Languages in July 2011 was graded Outstanding

As a result of changes to the Ofsted inspection framework the school, as a Category 1 school, will not be routinely inspected. Annual risk assessments and reviews will be undertaken by Ofsted which could result in an inspection if evidence led them to believe standards were in decline.

Key Performance indicators are set out each year with Governors relating to student examination outcomes and other key measures. These are monitored on a half-termly basis via a Headteacher's report to the governors.

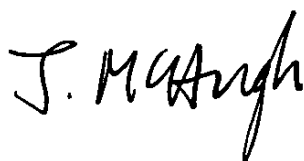
### **Basis of Preparation of Financial Statements and Accounting Policies and Practices**

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 25 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005

So far as the Accounting Officer and Governing Body are aware, the Academy has disclosed all relevant information to the financial statement auditors. The Accounting Officer believes he has taken all the steps that he ought to make himself aware of any information relevant to the audit and to establish that the financial statement auditors are aware of that information.

The financial statement auditors, RSM Tenon Audit Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

The report of the governors was approved by the governors on 24 November 2011 and signed on their behalf by



**James McHugh**

**Chairman**

## **Statement of Governors' and Accounting Officer's Responsibilities**

The Governors are responsible for preparing the Governors report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the governors are required to

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

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which 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 confirm that so far as they are aware, there is no relevant audit information of which the charitable company's 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 the charitable company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The governors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions

## **Risk Management**

The governors have assessed the major risks to which the charitable company 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. They are satisfied that these systems are consistent with guidelines issued by the Charities Commission. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

### **Statement on the System of Internal Financial Control**

#### **Scope of responsibility**

As governors, we acknowledge we have overall responsibility for the Academy's system of internal financial control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Academy's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Harrogate Grammar School Academy Trust and YPLA. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Harrogate Grammar School Academy Trust for the period ended 31 August 2011 and up to the date of approval of the annual report and accounts.

#### **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 Management Accounts which are reviewed and agreed by the governing body,
- regular reviews by the Resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it

should, as a publicly funded body, adopt these guidelines as best practice Accordingly they have

- set policies on internal controls which cover the following
  - the type of risks the Academy faces,
  - the level of risks which they regard as acceptable,
  - the likelihood of the risks materialising,
  - the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
  - the costs of operating particular controls relative to the benefits obtained,
- clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor However, the governors have appointed Mr D Wilton, 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 On a termly basis, 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

#### **Review of effectiveness**

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control His review of the effectiveness of the system of internal control is informed by

- the work of the Responsible Officer
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework
- comments made by the Academy's financial statements auditors in their management letters and other reports

The Headteacher has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the Responsible Officer, and a plan to address weaknesses and ensure continuous improvement of the system is in place

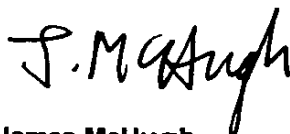
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training The senior management team and the Audit Committee also receive regular reports from the Responsible Officer, which include recommendations for improvement The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Responsible Officer The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception



### **Going concern**

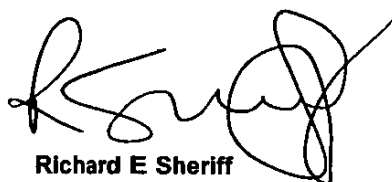
After making appropriate enquiries, the Governing Body considers that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 24 November 2011 and signed on its behalf by



**James McHugh**

Chair



**Richard E Sheriff**

Headteacher

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARROGATE GRAMMAR  
SCHOOL ACADEMY TRUST LIMITED (Limited by Guarantee)**

**PERIOD ENDED 31 AUGUST 2011**

**Company Registration Number: 07523507**

We have audited the financial statements of Harrogate Grammar School Academy Trust for the period 9 February 2011 to 31 August 2011, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Headteacher Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's 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 auditors**

The Governors act as trustees for the charitable activities of the Harrogate Grammar School Academy Trust and are also the directors of the company for the purposes of company law.

As explained more fully in the Statement of Governors' Responsibilities set out in the Governors' Report, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material 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 charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006,

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Young People's Learning Agency in respect of the relevant financial year, and
- grants made by the Young People's Learning Agency have been applied for the purposed intended

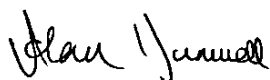
#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **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



**Alan Dunwell, Senior Statutory Auditor**

**RSM Tenon Audit Limited**

Registered Auditors

Hornbeam Park

Harrogate

HG2 8RE

Date 23.12.2011

**Harrogate Grammar School Academy Trust**  
**Statement of Financial Activities for the Period Ended 31 August 2011**  
(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	219	40	26,764	27,023
Activities for generating funds	4	115	13	-	128
Investment income	5	1	-	-	1
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	6	-	4,388	103	4,491
<b>Total Incoming resources</b>		<b>335</b>	<b>4,441</b>	<b>26,867</b>	<b>31,643</b>
<b>Resources expended</b>					
<i>Charitable activities</i>					
Academy's educational operations	8	-	5,408	222	5,630
Development costs	8	-	-	-	-
Governance costs	9	-	21	-	21
<b>Total resources expended</b>	7	<b>-</b>	<b>5,429</b>	<b>222</b>	<b>5,651</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>335</b>	<b>(988)</b>	<b>26,645</b>	<b>25,992</b>
<b>Transfers</b>					
Gross transfers between funds	16	-	(270)	270	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		<b>335</b>	<b>(1,258)</b>	<b>26,915</b>	<b>25,992</b>
<b>Other recognised gains and losses</b>					
Actuarial (losses) gains on defined benefit pension schemes	16, 26	-	27	-	27
<b>Net movement in funds</b>		<b>335</b>	<b>(1,231)</b>	<b>26,915</b>	<b>26,019</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 9 February	16	-	-	-	-
<b>Total funds carried forward at 31 August 2011</b>		<b>335</b>	<b>(1,231)</b>	<b>26,915</b>	<b>26,019</b>

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

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

**Harrogate Grammar School Academy Trust**  
**Income and Expenditure Account for the period to 31 August 2011**

	Notes	2011 £000
<b>Income</b>		
DfE/YPLA General Annual Grant (GAG)	6	4,276
DfE/YPLA capital grants	6	103
Other DfE / YPLA grants	6	49
Other Government grants	6	63
Voluntary income	3	27,023
Investment income	5	1
Activities for generating funds	4	128
<b>Total income</b>		<b>31,643</b>
<b>Expenditure</b>		
Staff costs	7	3,298
Non pay expenditure	7	
Premises	7	230
Other	7	1,901
Depreciation	13	222
<b>Total expenditure</b>		<b>5,651</b>
<b>Net Income / (Expenditure) for the year</b>		<b>25,992</b>

The income and expenditure account is derived from the statement of financial activities on page 19 which, together with the notes to the financial statements on pages 23 to 38 provides full information on the movements during the period on all the funds of the Academy Trust

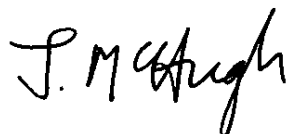
All of the Academy's activities derived from continuing operations during the above financial period

**Harrogate Grammar School Academy Trust**  
**Balance sheet as at 31 August 2011**

**Company Number**  
**7523507**

	Notes	2011 £000	2011 £000
<b>Fixed assets</b>			
Tangible assets	13		26,846
<b>Current assets</b>			
Debtors	14	267	
Cash at bank and in hand		<u>1,124</u>	
Total current assets		<u>1,391</u>	
<b>Liabilities:</b>			
<b>Creditors: Amounts falling due within one year</b>	15	<u>(955)</u>	
<b>Net current assets</b>			<u>436</u>
<b>Total assets less current liabilities</b>			<u>27,282</u>
<b>Creditors: Amounts falling due after more than one year</b>			-
<b>Provisions for liabilities and charges</b>			-
<b>Net assets excluding pension liability</b>			<u>27,282</u>
Pension scheme liability	26		<u>(1,263)</u>
<b>Net assets including pension liability</b>			<u>26,019</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset fund(s)	16		26,915
General fund(s)	16		32
Pension reserve	16		<u>(1,263)</u>
<b>Total restricted funds</b>			<u>25,684</u>
<b>Unrestricted funds</b>			
General fund(s)	16		<u>335</u>
<b>Total unrestricted funds</b>			<u>335</u>
<b>Total Funds</b>			<u>26,019</u>

The financial statements on pages 19 to 22 were approved by the Governors, and authorised for issue on 24 November 2011 and signed on their behalf by



**James McHugh**  
**Chair**

**Harrogate Grammar School Academy Trust**  
**Cash Flow Statement for the period ended 31 August 2011**

		2011 £000
Net cash inflow from operating activities	20	1,393
Returns on investments and servicing of finance	21	1
Capital expenditure	22	(270)
(Decrease) / Increase in cash in the year	23	<u>1,124</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 9 February 2011		-
Net funds at 31 August 2011		<u>1,124</u>

## **Notes to the Financial Statements for the Period Ended 31 August 2011**

### **1. Principal Accounting Policies 31 August 2011**

#### **Format of financial statements**

The statutory format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information that complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the academy

#### **Basis of accounting**

The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice) and the Charities SORP 2005

The principal accounting policies of the charitable company are set out below

#### **Incoming resources**

##### **Grants receivable**

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet

##### **Gifts in kind**

Gifts in kind provided to the academy is recognised in the statement of financial activities at their value, as determined by the governors, in the period in which they are receivable, and where the benefit is both quantifiable and material

##### **Donations**

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date

##### **Interest receivable**

Interest receivable is included within the statement of financial activities on an accruals basis

#### **Resources expended and the basis of apportioning costs**

- **Resources expended**

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

- **Allocation of costs**

In accordance with the Charities SORP, expenditure has been analysed between the academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned

- **Governance costs**

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



### **Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised

Depreciation is charged on a straight line basis beginning in the month in which the asset is brought into use at the following annual rates

♦ Furniture and fittings	20% p a
♦ Computer equipment	33% p a
♦ Leasehold improvement	2% p a
♦ Sports pitches	4% p a
♦ Motor vehicles	25% p a

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the academy or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

The cost of buildings funded by Local Authorities, are recognised in the statement of financial activities as voluntary income in the period in which the buildings are brought into use. No value is brought into the financial statements before this time.

### **Fund accounting**

The unrestricted general fund represents monies which may be applied for any purpose within the academy's objects at the discretion of the governors.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

### **Taxation**

Harrogate Grammar School Academy Trust is a registered charity and accordingly is exempt from taxation on its activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992.

## **Pensions**

### ***Defined Benefit Schemes***

- **Teachers' Pension Scheme**

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Young People's Learning Agency. As the group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the group has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the academy in the year.

- **Local Government Pension Scheme**

Non-teaching members of staff offered membership of the Local Government Pension Scheme (LGPS), which are managed by the North Yorkshire Pension Fund. The LGPS is a defined benefit pension scheme and is able to identify the academy's share of assets and liabilities and requirements of the FRS 17, Retirement Benefits, have been followed.

The academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**2 General Annual Grant (GAG)**

<b>Results and Carry Forward for the Year</b>	<b>2011 £000</b>
GAG brought forward from previous year	-
GAG allocation for current year	4,276
<b>Total GAG available to spend</b>	<b>4,276</b>
Recurrent expenditure from GAG	(4,006)
Fixed assets purchased from GAG	(270)
<b>GAG carried forward to next year</b>	<b>-</b>
Maximum permitted GAG carry forward at end of the current year (12% of allocation for current year)	(513)
<b>GAG to surrender to DfE</b>	<b>(513)</b>
(12% rule breached if result is positive)	no breach

**3 Voluntary Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>
Donations - Capital	-	26,764	26,764
Funds inherited on conversion	212	-	212
Other Donations	7	40	47
	<b>219</b>	<b>26,804</b>	<b>27,023</b>

**4 Activities for Generating Funds**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>
Hire of Facilities	14	-	14
Catering Income	20	-	20
Other sources	81	13	94
	<b>115</b>	<b>13</b>	<b>128</b>

**5 Investment Income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2011 Total £000</b>
Short term deposits	1	-	1
	<b>1</b>	<b>-</b>	<b>1</b>

# Harrogate Grammar School Academy Trust

## Notes to the Financial Statements for the period ended 31 August 2011 (continued)

### 6 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000
<b>DfE/YPLA capital grant</b>			
Devolved Formula Capital allocations	-	34	34
Academies Capital Maintenance Fund	-	69	69
	<u>-</u>	<u>103</u>	<u>103</u>
<b>DfE / YPLA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	4,276	4,276
Other DfE / YPLA grants	-	49	49
	<u>-</u>	<u>4,325</u>	<u>4,325</u>
<b>Other Government grants</b>			
SEN from LA	-	50	50
Other Government Grants	-	13	13
	<u>-</u>	<u>63</u>	<u>63</u>
	<u>-</u>	<u>4,491</u>	<u>4,491</u>

### 7 Resources Expended

	Staff Costs £000	Non Pay expenditure Premises £000	Other Costs £000	Total 2011 £000
Academy's educational operations				
Direct costs	2,951	111	345	3,407
Allocated support costs	347	341	1,535	2,223
	<u>3,298</u>	<u>452</u>	<u>1,880</u>	<u>5,630</u>
Governance costs including allocated support costs			21	21
	<u>3,298</u>	<u>452</u>	<u>1,901</u>	<u>5,651</u>

### Net Incoming/outgoing resources for the year include.

	2011 £000
Operating leases	17
Fees payable to auditor - audit	9
- other services	2
Profit/(loss) on disposal of fixed assets	-

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**8 Charitable Activities - Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000
<i><b>Direct costs</b></i>			
Teaching and educational support staff costs	-	2,951	2,951
Depreciation	-	111	111
Educational supplies	-	121	121
Examination fees	-	128	128
Staff development	-	12	12
Other direct costs	-	80	80
	-	<b>3,403</b>	<b>3,403</b>
Extended schools programme	-	4	4
<i><b>Allocated support costs</b></i>			
Support staff costs	-	305	305
Depreciation	-	111	111
Recruitment & support	-	14	14
Maintenance of premises and equipment	-	164	164
Cleaning	-	95	95
Rent, rates & other occupancy costs	-	82	82
Insurance	-	65	65
Security & transport	-	3	3
Catering	-	27	27
Other support costs	-	67	67
Pension	-	42	42
Inherited pension liability	-	1,248	1,248
	-	<b>2,223</b>	<b>2,223</b>
	-	<b>5,630</b>	<b>5,630</b>

**9 Governance costs**

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000
Auditors' remuneration			
Audit of financial statements	-	9	9
Accountants fee	-	2	2
Support costs	-	10	10
Governors' reimbursed expenses	-	-	-
	-	<b>21</b>	<b>21</b>

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**10 Staff costs**

Staff costs during the period were

	Total 2011 £000
Wages and salaries	2,660
Social security costs	198
Other pension costs	388
	<u>3,246</u>
Supply teacher costs	47
Compensation payments	9
	<u>3,302</u>

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

	2011 No
<b>Charitable Activities</b>	
Teachers	117
Administration and support	61
Management	25
	<u>203</u>

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

	2011 No.
£60,001 - £70,000	1
£90,001 - £100,000	1

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contributions for these staff amounted to £11,325.

**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 and not in respect of their services as governors. Other governors did not receive any payments or expenses from the Academy in respect of their role as governors. The value of the Principal's remuneration was £47,910 in 2011. The value of staff governor's remuneration was £38,000.

During the period ended 31 August 2011, no travel and subsistence expenses were reimbursed to governors.

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

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**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 business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2011 was £3,736.

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

**13 Tangible Fixed Assets**

	Leasehold Land and Buildings	Furniture and Equipment	Computer Equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 9 February 2011	-	-	-	-
Additions	26,981	23	64	27,068
Disposals	-	-	-	-
At 31 August 2011	<u>26,981</u>	<u>23</u>	<u>64</u>	<u>27,068</u>
<b>Depreciation</b>				
At 9 February 2011	-	-	-	-
Charged in year	212	1	9	222
Disposals	-	-	-	-
At 31 August 2011	<u>212</u>	<u>1</u>	<u>9</u>	<u>222</u>
<b>Net book values</b>				
At 31 August 2011	<u>26,769</u>	<u>22</u>	<u>55</u>	<u>26,846</u>

**14 Debtors**

	2011 £000
Trade debtors	50
Prepayments	43
Sundry debtors	174
	<u>267</u>

**15 Creditors amounts falling due within one year**

	2011 £000
Trade creditors	521
Taxation and social security	113
Other creditors	271
Accruals and deferred income	50
	<u>955</u>

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**16 Funds**

	Balance at 9 February 2011 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2011 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	4,276	(4,006)	(270)	-
Other DfE/YPLA grants	-	62	(62)	-	-
Special education needs	-	50	(50)	-	-
Other restricted	-	53	(21)	-	32
	-	4,441	(4,139)	(270)	32
Pension reserve	-	-	(1,290)	27	(1,263)
	-	4,441	(5,429)	(243)	(1,231)
<b>Restricted fixed asset funds</b>					
DFC capital grants	-	34	(1)	-	33
DfE/YPLA capital grants	-	69	-	-	69
Donated capital	-	26,764	(212)	-	26,552
Capital expenditure from GAG	-	-	(9)	270	261
	-	26,867	(222)	270	26,915
<b>Total restricted funds</b>	-	31,308	(5,651)	27	25,684
<b>Unrestricted funds</b>					
Unrestricted funds	-	335	-	-	335
<b>Total unrestricted funds</b>	-	335	-	-	335
<b>Total funds</b>	-	31,643	(5,651)	27	26,019

**17 Analysis of net assets between funds**

Fund balances at 31 August 2011 are represented by

	Unrestricted general fund £000	Restricted general fund £000	Restricted fixed asset fund £000	Total 2011 £000
Tangible fixed assets			26,846	26,846
Current assets	335	987	69	1,391
Current liabilities		(955)		(955)
Pension scheme liability		(1,263)		(1,263)
<b>Total net assets</b>	335	(1,231)	26,915	26,019



**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**18 Capital commitments**

**2011**  
**£000**

Contracted for, but not provided in the financial statements 270

**19 Financial commitments**

***Operating leases***

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

**2011**  
**£000**

**Land and buildings**

Expiring within one year -

Expiring within two and five years inclusive -

Expiring in over five years -

**-**

**Other**

Expiring within one year 17

Expiring within two and five years inclusive -

Expiring in over five years -

**17**

**20 Reconciliation of consolidated operating (deficit)/surplus to net cash**

**2011**  
**£000**

**inflow from operating activities**

(Deficit)/surplus on continuing operations after depreciation of assets at

25,992

Depreciation (note 13)

222

Capital grants from DfE and other capital income

(26,798)

Interest receivable (note 5)

(1)

FRS 17 pension cost less contributions payable (note 26)

8

FRS 17 pension finance income (note 26)

34

(Increase)/decrease in debtors

(267)

Increase/(decrease) in creditors

955

Inherited FRS17 pension scheme liability

1,248

**Net cash inflow from operating activities**

**1,393**

**21 Returns on investments and servicing of finance**

Interest received

1

**Net cash inflow from returns on investment and servicing of finance**

**1**

**22 Capital expenditure and financial investment**

Purchase of tangible fixed assets

(304)

Capital grants from DfE/YPLA

34

**Net cash outflow from capital expenditure and financial investment**

**(270)**

**23 Analysis of changes in net funds**

At 9 February  
2011  
£000

Cash flows  
£000

At 31 August  
2011  
£000

Cash in hand and at bank

-  
-  
**-**

1,124  
1,124  
**1,124**

1,124  
1,124  
**1,124**

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (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 Young People's Learning Agency 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 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

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (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 North Yorkshire Pension Fund Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

**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
Actuarial method	Prospective
Investment returns per annum	6.5 per cent
Salary scale increases per annum	5.0 per cent
Notional value of assets at date of last valuation	£162,650
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period

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

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

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**26 Pension and similar obligations (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2011 was £126,000, of which employer's contributions totalled £92,000 and employees' contributions totalled £34,000. The agreed contribution rates for future years are 14.5 per cent for employers and 6.5 per cent for employees.

Principal Actuarial Assumptions	At 31 August 2011	At 1 March 2011
Rate of increase in salaries	4.45%	4.75%
Rate of increase for pensions in payment / inflation	2.70%	3.00%
Discount rate for scheme liabilities	5.30%	5.50%
Inflation assumption (CPI)	2.70%	3.00%
Commutation of pensions to lump sums	50%	50%

Sensitivity Analysis	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	+0.1% p.a. discount rate as at 31 August 2011	+0.1% p.a. salary inflation as at 31 August 2011	+0.1% p.a. expected return on equities as at 31 August 2011	1 year addition to members' life expectancy as at 31 August 2011	
Disclosure Item	£000s	£000s	£000s	£000s	£000s
Liabilities as at 31 August 2011	1,385	1,353	1,404	1,385	1,414
Assets as at 31 August 2011	(122)	(122)	(122)	(122)	(122)
Deficit / (Surplus) as at 31 August 2011	1,263	1,231	1,282	1,263	1,292
Projected Current Service Cost for year commencing 1 September 2011	193	187	197	193	198
The above figure is based on a percentage rate applied to payroll. The percentage rate is	17.9%	17.4%	18.3%	17.9%	18.4%
The projected pensionable payroll used in the above calculation is	1,077	1,077	1,077	1,077	1,077
Projected Expected Return on Assets for year commencing 1 September 2011	(15)	(15)	(15)	(15)	(15)
Projected Interest Cost for year commencing 1 September 2011	80	80	81	80	82

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 2011
<i>Retiring today</i>	
Males	22.1
Females	24.7
<i>Retiring in 20 years</i>	
Males	23.5
Females	26.3

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**26 Pension and similar obligations (continued)**

**Local Government Pension Scheme (Continued)**

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

	<b>Expected return at 31 August 2011 %</b>	<b>Fair value at 31 August 2011 £000</b>
Equities	7.0%	92
Government bonds	3.7%	14
Other bonds	4.8%	15
Cash / liquidity	0.5%	1
<b>Total market value of assets</b>		<b>122</b>
<b>Present value of scheme liabilities</b>		
- Funded		(1,385)
<b>Surplus/(deficit) in the scheme</b>		<b>(1,263)</b>

The actual return on the scheme assets was (£4,000)

**Total expenditure recognised in the Statement of Financial Activities**

	<b>2011 £000</b>
Current service cost (net of employee contributions)	100
Past service cost	0
<b>Total operating charge</b>	<b>100</b>

**Analysis of pension finance income / (costs)**

Expected return on pension scheme assets	(2)
Interest on pension liabilities	36
<b>Pension finance income / (costs)</b>	<b>34</b>

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August**

**26 Pension and similar obligations (continued)**

**Local Government Pension Scheme (Continued)**

The actual 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 FRS 17 is a £27,000 gain.

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

	2011 £000
<b>At 1 March</b>	-
Current service cost	100
Interest cost	36
Employee contributions	34
Actuarial (gain)/loss	(33)
Benefits paid	-
Past Service cost	-
Curtailments and settlements	-
Liabilities assumed in a business combination	1,248
<b>At 31 August</b>	<u><u>1,385</u></u>

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

	2011 £000
<b>At 1 March</b>	-
Expected return on assets	2
Actuarial gains / (losses)	(6)
Employer contributions	92
Employee contributions	34
Benefits paid	-
Assets acquired in a business combination	-
<b>At 31 August</b>	<u><u>122</u></u>

The estimated value of employer contributions for the year ended 31 August 2012 is £177,000

**Harrogate Grammar School Academy Trust**  
**Notes to the Financial Statements for the period ended 31 August 2011 (continued)**

**27 Related Party Transactions**

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