

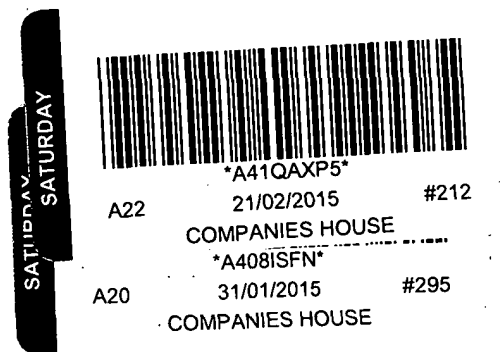
COPY FOR THE REGISTRAR OF
COMPANIES


Harrogate Grammar School Academy
Trust

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2014





Harrogate Grammar School Academy Trust

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)
Mr P Cotton
Mrs J Cox
Mrs F Holliday
Mrs L Maguire
Mr R Sheriff
Dr T Stowell
Mr M Trantor
Mrs L Weston
Mr J Godfrey (appointed 7 October 2013)

Company Secretary

Mr S Howell



Harrogate Grammar School Academy Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Senior Leadership Team:

Headteacher	Mr R Sheriff
Associate Headteacher	Mr N Bulley
Finance Director	Mr S Howell
Deputy Headteacher	Mr N Renton (appointed 01/09/2013)
Deputy Headteacher	Mrs K Moat
Assistant Headteacher	Mr J Musker (resigned 31/08/2014)
Assistant Headteacher	Mrs K Nicholson (resigned 31/12/13)
Assistant Headteacher	Mrs E Wood
Assistant Headteacher	Mr T Milburn (appointed 01/09/2014)
Assistant Headteacher	Mr D Robson (appointed 01/09/2014)

Principal and Registered Office

Arthurs Avenue
Harrogate
HG2 0DZ

Company Registration Number

07523507 (England and Wales)

Independent Auditor

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

Bankers

Lloyds TSB
8-11 Cambridge Crescent
Harrogate
HG1 1PQ

Solicitors

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

Harrogate Grammar School Academy Trust

GOVERNORS' REPORT

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The governors act as the trustees for the charitable activities of Harrogate Grammar School Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Harrogate Grammar School Academy Trust. Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on pages 1 and 2.

Members' liability

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

Principal activities

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.

Method of recruitment and appointment or election of governors

The Governing Body, on identifying a need to recruit an additional or replacement governor, refers to the skills audit form produced annually. This identifies key skill areas that the Governing Body believes are important to have on the board to ensure effective governance. Governors will then consider offers of service received from within and beyond the school community and the Governing Body may choose to advertise locally through the school website and other media channels. Selection will be by interview with the Chair and Headteacher before the candidate is presented to the Governing Body for their consideration and a vote on whether to accept them as a governor. In the case of a staff or parent post becoming vacant the normal process of election will take place after due notice is given to all parents/staff through the school communication channels. Before confirming selection all governors will be required to undertake an Enhanced Disclosure via the DBS (Disclosure Barring Service).

Policies and procedures adopted for the induction and training of governors

Governors are offered induction training on joining the Governing Body both from the school and from the National Governors Association or Local Authority Governor Support programme. Governors will be encouraged to access training as and when necessary and a record duly kept of such training being accessed. The costs of such training will be reimbursed by the Academy Trust.

Harrogate Grammar School Academy Trust

GOVERNORS' REPORT (continued)

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, Associate Headteacher, Deputy Headteachers, the Finance Director and Assistant Headteachers. The Headteacher is the Academy's Accounting Officer. 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.

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 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.

OBJECTIVES AND ACTIVITIES

Objects and aims

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.

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

Harrogate Grammar School Academy Trust

GOVERNORS' REPORT (continued)

- 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 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.

The Academy's strategic improvement priorities for 2014/15 cover the following areas and more detail is published in the School Development Plan.

1	Teaching and Learning	6	Staff Development
2	Consistency of Outcomes/Progress	7	Data Usage
3	Sixth Form	8	Curriculum
4	Leadership and Management	9	Student Experience
5	Equalities	10	Site/Facilities

Connected Organisations

The Trust comprises two subsidiary undertakings, only one of which trades, and one associated undertaking. The trustees consider the results of Red Kite Alliance Limited and HGS Ventures Limited to be in line with expectations during the current year.

Public benefit

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.

Strategic Report

ACHIEVEMENTS AND PERFORMANCE

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.

Key performance indicators

In its most recent full inspection by Ofsted in February 2012 the school was graded Outstanding.

The school has thoroughly reviewed its readiness for future inspection under the recently revised Ofsted Framework.

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.

Harrogate Grammar School Academy Trust

GOVERNORS' REPORT (continued)

The key measure of exam results in Key Stage 4 is the percentage of students achieving at least 5 GCSE's at grade C or above. In 2013/14, 84% of students achieved this compared to 83% in 2012/13 and 82% in 2011/12. At Sixth Form level, the key measure of exam results is the percentage of students achieving a B or above at A-level. In 2013/14, 59% of students achieved this compared to 52% in 2012/13 and 57% in 2011/12.

Student attendance for the year was once again very high at 97%.

In terms of admissions, the school was again heavily oversubscribed.

FINANCIAL REVIEW

Financial report for the year

Most of the Academy's Income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2014, total recurrent expenditure of £9,687,000 was covered by recurrent grant funding from the EFA together with other Incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £609,000.

At 31 August 2014 the net book value of tangible fixed assets was £22,398,000 with movements in tangible fixed assets being shown in note 13 to the financial statements. The assets were used 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 an appropriate level of free reserves should be maintained 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. At 31 August 2014, the Academy's level of free reserves (total funds less the amount held in fixed assets and restricted funds) was £321,000 which is considered sufficient.

Financial position

The Academy held fund balances at 31 August 2014 of £20,366,000 comprising £20,045,000 restricted funds and £321,000 of unrestricted general funds. Included amongst these numbers is a pension reserve deficit of £2,353,000.

Going concern

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

Investment policy

Harrogate Grammar School Academy Trust

GOVERNORS' REPORT (continued)

The Governing Body has delegated authority to the Finance Director to utilise the term deposit arrangements with Lloyds TSB and the Charity Deposit account with Virgin Money 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 year 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. Baker Tilly acts as Internal Auditor to the Academy.

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 is 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 Education Funding Agency (EFA). In 2013/14, 87% 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 EFA 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 EFA.
- 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.

Harrogate Grammar School Academy Trust

GOVERNORS' REPORT (continued)

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

Management work closely with the Academy's external auditor, internal auditor, Responsible Officer and Audit Committee to ensure internal controls are in place to minimise the possibility of unexpected financial losses.

Furthermore, scrutiny of financial information by the Resources Committee helps to ensure due diligence in all aspects of financial planning and budgeting, including cash management and forecasting.

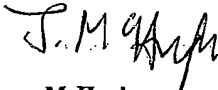
Plans for Future Periods

The school plans to build further on the excellent results of 2013/14 and to continue with the detailed plans, as laid out in our School Development Plan, as we strive to become a world class school. We will continue to invest in our staff and our facilities to ensure that achieving positive outcomes for our students remains at the heart of all we do.

Statement as to disclosure of information to the auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Governors have confirmed that 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.

The Governors' Annual Report is approved by order of the board of governors and the Strategic Report (included therein) is approved by the board of governors in their capacity as the directors at a meeting on 26 November 2014 and signed on its behalf by:


James McHugh
Chair

Harrogate Grammar School Academy Trust

GOVERNANCE STATEMENT (continued)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Harrogate Grammar School Academy Trust 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 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr Jim Clark	5	5
Mr Paul Cotton	4	5
Mrs Jill Cox	5	5
Mr Jonathan Godfrey	4	4
Mrs Fiona Holliday	4	5
Mr Andrew Lewis	3	5
Mrs Liz Maguire	5	5
Mr James McHugh	4	5
Mr Julian Rawel	3	5
Mr Richard Sheriff	5	5
Dr Tricia Stowell	4	5
Mr Murray Trantor	4	5
Mrs Lesley Weston	5	5
Mr David Wheat	4	5
Mr David Wilton	5	5

The **Resources Committee** is a sub-committee of the main Governing Body. Its purpose is to review the financial position of the Academy and to guide and monitor the use of Academy resources. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Jim Clark	3	4
Mr Paul Cotton	2	4
Mr Andrew Lewis	2	4
Mr Richard Sheriff	4	4
Dr Tricia Stowell	1	4
Mr Murray Trantor	4	4
Mr David Wilton	1	4

The **Audit Committee** is a sub-committee of the main Governing Body. Its purpose is to review the internal controls and risk profile of the Academy and to ensure the highest levels of probity are achieved.

Harrogate Grammar School Academy Trust

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr Richard Sheriff	1	1
Mr David Wheat	0	1
Mr David Wilton	1	1

The **Students Committee** is a sub-committee of the main Governing Body. Its purpose is to review all aspects of school life pertaining to students and to ensure that the highest standards are attained both for and by our students.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs Jill Cox	6	6
Mr Jonathan Godfrey	4	6
Mrs Fiona Holliday	6	6
Mrs Liz Maguire	6	6
Mr Jim McHugh	4	6
Dr Tricia Stowell	5	6
Mr Julian Rawel	5	6
Mrs Lesley Weston	4	6
Mr David Wheat	3	6

The Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harrogate Grammar School Academy Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;

Harrogate Grammar School Academy Trust

GOVERNANCE STATEMENT (continued)

- 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; and
- review of controls and identification and management of risks by the Academy's Audit Committee.

The Governing Body has considered the need for a specific internal audit function and has appointed Baker Tilly as internal auditor who operates under the guidance of Mr D Wilton as the Academy's Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Baker Tilly commenced their work in 2013/14 and follow an agreed internal audit plan.

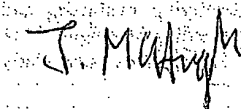
Review of effectiveness

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

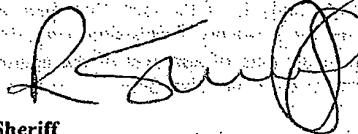
- the work of the Responsible Officer;
- the work of the Audit Committee;
- the work of the external auditor;
- the work of the internal auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 Board on 26 November 2014 and signed on its behalf by:



James McHugh
Chair



Richard Sheriff
Accounting Officer

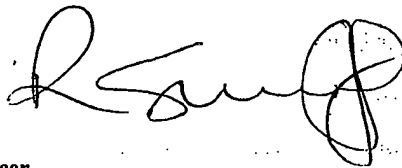
Harrogate Grammar School Academy Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Harrogate Grammar School Academy Trust I have considered my responsibility to notify the Academy Trust's Governing Body and the Education Funding Agency ("EFA") of material irregularity, Impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Richard Sheriff
Accounting Officer

Harrogate Grammar School Academy Trust

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities of Harrogate Grammar School Academy Trust Limited 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 Annual Accounts Requirements 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 these financial statements, the governors are required to:

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

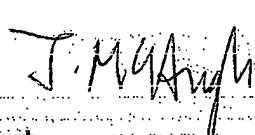
The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 EFA/DFE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 26 November 2014 and signed on its behalf by:


James McHugh
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARROGATE GRAMMAR SCHOOL ACADEMY TRUST

We have audited the financial statements of Harrogate Grammar School Academy Trust ("the financial statements") for the year ended 31 August 2014 on pages 15 to 42. 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 2013 to 2014 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 trustees' and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 13, 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2014 and of the group's 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 2013 to 2014 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 and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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

ALAN DUNWELL (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

2 Whitehall Quay

Leeds

LS1 4HG

Date: 17.12.14

Harrogate Grammar School Academy Trust

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

for the year ended 31 August 2014

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	212	1	35	248	451
Activities for generating funds	3	1,039	27	-	1,066	1,061
Investment income	4	20	-	-	20	18
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	5	-	8,997	-	8,997	8,793
Total incoming resources		1,271	9,025	35	10,331	10,323
RESOURCES EXPENDED						
Cost of generating funds:						
		45	-	-	45	42
Charitable activities:						
Academy's educational operations	7	628	8,949	867	10,444	9,925
Governance costs	8	-	57	-	57	68
Taxation	20	-	8	-	8	-
Total resources expended		673	9,014	867	10,554	10,035
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		598	11	(832)	(223)	288
TRANSFERS						
Gross transfers between funds	18	(468)	(271)	739	-	-
NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		130	(260)	(93)	(223)	288
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (losses)/gains on defined benefit pension scheme	30	-	(622)	-	(622)	88
NET MOVEMENT IN FUNDS		130	(882)	(93)	(845)	376
RECONCILIATION OF FUNDS						
Total funds brought forward	18	188	(1,471)	22,491	21,208	20,832
TOTAL FUNDS CARRIED FORWARD		318	(2,353)	22,398	20,363	21,208

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

Harrogate Grammar School Academy Trust

CONSOLIDATED BALANCE SHEET

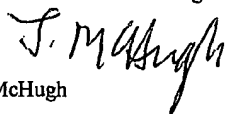
At 31 August 2014

Company number 07523507

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
FIXED ASSETS					
Investments	12		15		-
Tangible assets	13		22,398		22,491
TOTAL FIXED ASSETS			<u>22,413</u>		<u>22,491</u>
CURRENT ASSETS					
Stock	14	8		4	
Debtors	15	535		397	
Cash at bank and in hand		1,237		912	
Total assets less current liabilities		<u>1,780</u>		<u>1,313</u>	
CREDITORS: Amounts falling due within one year	16	(1,264)		(988)	
NET CURRENT ASSETS			<u>516</u>		<u>325</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,929</u>		<u>22,816</u>
CREDITORS: Amounts falling due after more than one year	17		(213)		-
NET ASSETS EXCLUDING PENSION LIABILITY			<u>22,716</u>		<u>22,816</u>
Pension scheme liability	30		(2,353)		(1,608)
NET ASSETS INCLUDING PENSION LIABILITY			<u>20,363</u>		<u>21,208</u>
RESTRICTED FUNDS					
Fixed asset funds	18		22,398		22,491
General funds	18		-		137
Pension reserve	18		(2,353)		(1,608)
TOTAL RESTRICTED FUNDS			<u>20,045</u>		<u>21,020</u>
UNRESTRICTED FUNDS					
General fund	18		318		188
TOTAL UNRESTRICTED FUNDS			<u>318</u>		<u>188</u>
TOTAL FUNDS			<u>20,363</u>		<u>21,208</u>

The financial statements on pages 15 to 42 were approved by the trustees and authorised for issue on 26 November 2014 and are signed on their behalf by:

James McHugh
Chair



Harrogate Grammar School Academy Trust

COMPANY BALANCE SHEET

At 31 August 2014

Company number 07523507

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
FIXED ASSETS					
Investments	12				
Tangible assets	13		22,398		22,491
TOTAL FIXED ASSETS			22,398		22,491
CURRENT ASSETS					
Stock	14	8		4	
Debtors	15	559		397	
Cash at bank and in hand		1,084		912	
Total assets less current liabilities		1,651		1,313	
CREDITORS: Amounts falling due within one year	16	(1,117)		(988)	
NET CURRENT ASSETS			534		325
TOTAL ASSETS LESS CURRENT LIABILITIES			22,932		22,816
CREDITORS: Amounts falling due after more than one year	17		(213)		
NET ASSETS EXCLUDING PENSION LIABILITY			22,719		22,816
Pension scheme liability	30		(2,353)		(1,608)
NET ASSETS INCLUDING PENSION LIABILITY			20,366		21,208
RESTRICTED FUNDS					
Fixed asset funds	18		22,398		22,491
General funds	18		-		137
Pension reserve	18		(2,353)		(1,608)
TOTAL RESTRICTED FUNDS			20,045		21,020
UNRESTRICTED FUNDS					
General fund	18		321		188
TOTAL UNRESTRICTED FUNDS			321		188
TOTAL FUNDS			20,366		21,208

The financial statements on pages 15 to 42 were approved by the trustees and authorised for issue on 26 November 2014 and are signed on their behalf by:

James McHugh
Chair

Harrogate Grammar School Academy Trust

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 August 2014

	Notes	2014 £'000	2013 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	22	835	854
Returns on investments and servicing of finance	23	20	18
Taxation	24	(4)	-
Capital expenditure and purchase of investments	25	(755)	(1,449)
Financing	26	229	-
INCREASE/(DECREASE) IN CASH IN THE YEAR	27	325	(577)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014 £'000	2013 £'000
Increase/(decrease) in cash in the year	325	(577)
Net cash inflow from other loans	(229)	-
Change in net funds	96	(577)
NET FUNDS AT 1 SEPTEMBER 2013	912	1,489
NET FUNDS AT 31 AUGUST 2014	1,008	912

Harrogate Grammar School Academy Trust

ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 12). This being the first period consolidated accounts are required the comparatives are that for the parent undertaking only.

Going Concern

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

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grant income is 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 recognised on a receivable basis and is credited directly to the Statement of Financial Activities, incoming resources from charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

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 included 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 the completion of the service.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Harrogate Grammar School Academy Trust

ACCOUNTING POLICIES

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges 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 activities are costs incurred on the Academy Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, and other funders, where the asset acquired or created is held for a specific purpose on a continuing basis.

Tangible fixed assets

Tangible fixed assets costing £1,000 or more are capitalised at cost 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 and continued use 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 by transfer from the Restricted Fixed Asset Fund to Restricted Funds in the Statement of Financial Activities to offset the depreciation of the asset.

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

Long leasehold buildings	2% - 4% p.a
Fixtures and equipment	10% - 20% p.a
Computer equipment	33% p.a
Motor Vehicles	25% p.a.

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

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

Harrogate Grammar School Academy Trust

ACCOUNTING POLICIES

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leased assets

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

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 30, 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 support 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.

Fixed asset investments

Fixed asset investments are stated at cost in the balance sheet. Provision is made for any impairment in the value of fixed asset investments.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

1 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

There has been no breach in the GAG limit during the current and prior period.

2 VOLUNTARY INCOME

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed asset funds £'000	2014 Total £'000	2013 Total £'000
Gift aid receipt	-	-	-	-	74
Devolved formula capital allocations	-	-	35	35	34
Academies capital maintenance fund	-	-	-	-	170
Parental donations – iPads for learning	178	-	-	178	150
Other donations	34	1	-	35	23
	<u>212</u>	<u>1</u>	<u>35</u>	<u>248</u>	<u>451</u>

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £'000	Restricted funds £'000	2014 Total £'000	2013 Total £'000
Hire of facilities	58	-	58	47
Catering income	689	-	689	594
Procurement framework and conference income	1	-	1	19
Primary partnership	85	-	85	69
National support school	-	3	3	12
Legal claim	-	-	-	98
Other sources	206	24	230	222
	<u>1,039</u>	<u>27</u>	<u>1,066</u>	<u>1,061</u>

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

4 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2014 Total £'000	2013 Total £'000
Short term deposits	20	-	20	18

5 FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
DfE/EFA CAPITAL GRANT				
General Annual Grant (GAG)	-	8,409	8,409	8,443
Teaching School Grant	-	40	40	109
Other DfE/EFA grants	-	188	188	150
	-	8,637	8,637	8,702
OTHER GOVERNMENT GRANTS				
SEN from Local Authority	-	67	67	91
Other government grants	-	20	20	-
TEACHING SCHOOL INCOME	-	273	273	-
	-	360	360	91
TOTAL	-	8,997	8,997	8,793

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

6 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Total 2014 £'000	Total 2013 £'000
Fundraising trading direct expenditure	-	-	45	45	42
Academy's educational operations					
- Direct costs	5,782	433	880	7,095	7,074
- Allocated support costs	1,009	1,097	1,243	3,349	2,851
	6,791	1,530	2,123	10,444	9,925
Governance costs including allocated support costs	-	-	57	57	68
Taxation	-	-	8	8	-
	6,791	1,530	2,233	10,554	10,035

Net (incoming)/outgoing resources for the year include:

	2014 £'000	2013 £'000
Operating leases - Plant and machinery including motor vehicles	34	32
Fees payable to Baker Tilly UK Audit LLP and its associates for:		
- audit	8	10
- Fees for the audit of the entity's subsidiary undertakings	1	-
- internal audit	5	-
- other services	2	4
Loss on disposal of fixed assets	1	-

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

7 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2014 £'000	Total 2013 £'000
DIRECT COSTS		
Teaching & educational support staff costs	5,782	5,709
Teaching school education support costs	-	58
Depreciation	433	432
Educational supplies	495	417
Examination fees	217	190
Staff development	17	27
Educational consultancy	-	51
Other direct costs	151	190
	<u>7,095</u>	<u>7,074</u>
ALLOCATED SUPPORT COSTS		
Support staff costs	1,009	962
Teaching school support staff costs	-	70
Depreciation	434	302
Recruitment and support	36	45
Maintenance of premises and equipment	186	290
Cleaning	224	207
Rent, rates & other occupancy costs	253	218
Insurance	63	31
Security & transport	6	6
Catering supplies	540	408
Other support costs	210	166
FRS 17 adjustments	388	146
	<u>3,349</u>	<u>2,851</u>
	<u>10,444</u>	<u>9,925</u>

8 GOVERNANCE COSTS

	Total 2014 £'000	Total 2013 £'000
Legal and professional fees	31	15
Auditors' remuneration		
- Audit of financial statements	9	10
- Other services	2	4
Support costs	15	39
	<u>57</u>	<u>68</u>

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

9	STAFF NUMBERS AND COSTS	2014 £'000	2013 £'000
	Staff costs		
	Staff costs during the period were:		
	Wages and salaries	5,784	5,489
	Social security costs	394	372
	Other pension costs	547	751
		<hr/>	<hr/>
		6,725	6,612
	Supply teacher costs	43	160
	Compensation payments	23	37
		<hr/>	<hr/>
		6,791	6,809
		<hr/>	<hr/>

Staff severance payments

Staff compensation costs totalling £23,000 (2013: £37,000) were paid during the year. Other than for statutory entitlement one payment of £5,500 exceeded £5,000.

Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

Charitable Activities	2014 No	2013 No
Teachers	105	104
Administration and support	73	65
Management	12	12
	<hr/>	<hr/>
	190	181
	<hr/>	<hr/>

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

9 STAFF NUMBERS AND COSTS (*continued*)

Higher paid staff

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

	2014 No	2013 No
£60,001 - £70,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

Two (2013: two) of the above employees participated in the Teachers' Pension Scheme and their contributions amounted to £46,000 (2013: £24,119). The Headteacher remuneration included pension payments amounting to £29,298 (2013: £14,817).

10 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

R Sheriff, Headteacher £113,560 (2013: £105,097)

L Weston, Staff Governor £40,000 - £45,000 (2013: £40,000 - £45,000)

F Holliday, Staff Governor £15,000 - £20,000 (2013: £20,000 - £25,000)

L Maguire, Staff Governor £40,000 - £45,000 (2013: £35,000 - £40,000)

During the year ended 31 August 2014 £1,280 (2013: £965), of trustee expenses were reimbursed to one governor relating to expenses incurred in their role as a staff member of the Academy.

11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any claim and the cost for the year ended 31 August 2014 was £2,276 (2013: £2,246).

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

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

12 FIXED ASSET INVESTMENTS

Group	Associate undertaking £000
Cost	
Addition	15
Net book value	
At 31 August 2014	15

During the year the group has invested in Added Value Portal Limited a company jointly controlled by a subsidiary of Harrogate Grammar School Academy Trust, HGS Ventures Limited and four other shareholders. The investment represents a 20% holding in Added Value Portal Limited and as such is accounted for as an associate undertaking. Following this investment, Mr S Howell, the Finance Director, was appointed by the school to serve as a director of Added Value Portal Limited.

Subsequent to the year end further outside capital investment into Added Value Portal Limited occurred and the group's holding was reduced to 17%.

Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
--------------------------	---------	---	--------------------

ASSOCIATE UNDERTAKINGS

Held by subsidiary undertaking – HGS Ventures Limited				
Added Value Portal Limited	England	Ordinary shares	20%	Procurement support

As at the date of these accounts Added Value Portal Limited had not prepared statutory financial statements therefore we are unable to provide details of its result for the period or its capital and reserves.

Company

SUBSIDIARY UNDERTAKINGS (Company only)

Red Kite Alliance Limited	England	Guarantee	100%	Teaching school
HGS Ventures Limited	England	Ordinary shares	100%	Dormant

The Academy is the sole member of Red Kite Alliance Limited, a company limited by guarantee and incorporated on 20 September 2012. The principal activity of Red Kite Alliance Limited is the operation of teaching school activities. As a member in Red Kite Alliance Limited the Academy 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.

The Academy invested £1 during the year to acquire the entire share capital of HGS Ventures Limited, a company which was incorporated on 22 January 2014 and which was dormant throughout the period.

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

13 TANGIBLE FIXED ASSETS

Group and company

	Long leasehold buildings £'000	Fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Asset under the course of construction £'000	Total £'000
Cost:						
1 September 2013	22,249	601	732	25	353	23,960
Additions	103	225	219	-	232	779
Transfers	353	-	-	-	(353)	-
Disposals	-	-	(20)	-	-	(20)
31 August 2014	22,705	826	931	25	232	24,719
Depreciation						
1 September 2013	1,092	89	281	7	-	1,469
Charged in the year	449	142	270	6	-	867
Disposals	-	-	(15)	-	-	(15)
31 August 2014	1,541	231	536	13	-	2,321
Net book value						
31 August 2014	21,164	595	395	12	232	22,398
31 August 2013	21,157	512	451	18	353	22,491

14 STOCK

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Catering	8	4	8	4

15 DEBTORS

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	136	49	36	49
Prepayments	149	120	154	120
Sundry debtors	170	116	168	116
Amounts owed by subsidiary undertakings	-	-	121	-
VAT recoverable	80	112	80	112
	535	397	559	397

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

16 CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Other loans	16	-	16	-
Trade creditors	512	427	507	427
Taxation and social security	241	210	236	210
Other creditors	178	150	162	150
Corporation tax	4	-	4	-
Accruals and deferred income	313	201	192	201
	<u>1,264</u>	<u>988</u>	<u>1,117</u>	<u>988</u>

DEFERRED INCOME	2014
	£'000
Deferred income at 31 August 2013	59
Resources deferred in the year	64
Amounts released from previous years	(59)
	<u>64</u>
Deferred income at 31 August 2014	<u>64</u>

Within deferred income as at 31 August 2014 is £53,000 relating to Teaching School membership subscriptions and £11,000 relating to music tuition fees received in advance.

Creditors include the short term element of a Salix loan amounting to £16,000 (2013: £nil). The loan is interest free and secured against the assets of the school.

Included in Taxation and social security is an amount of £113,874 relating to unpaid pension contributions.

17 CREDITORS: Amounts falling due greater than one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Other loans	213	-	213	-
	<u>213</u>	<u>-</u>	<u>213</u>	<u>-</u>

Other loans include a Salix loan amounting to £213,000 (2013: £nil). The loan is interest free and secured against the assets of the school.

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

17 CREDITORS: Amounts falling due greater than one year (*continued*)

The loan repayment profile is as follows;

	Group and Company	
	2014	2013
	£'000	£'000
Expiring within one year	16	-
Expiring within two and five years inclusive	96	-
Expiring in over five years	117	-
	<u>229</u>	<u>-</u>

18 FUNDS

Group	<i>At</i> <i>1 September</i> <i>2013</i> £'000	<i>Incoming</i> <i>resources</i> £'000	<i>Resources</i> <i>expended</i> £'000	<i>Gains, losses</i> <i>and transfers</i> £'000	<i>At 31 August</i> <i>2014</i> £'000
RESTRICTED					
GENERAL FUNDS					
General Annual Grant (GAG)	128	8,409	(8,266)	(271)	-
Teaching school income	-	313	(313)	-	-
Other DfE/EFA grants	-	188	(188)	-	-
Special Education Needs	-	67	(67)	-	-
National Support School	-	3	(3)	-	-
Other restricted	9	45	(54)	-	-
	<u>137</u>	<u>9,025</u>	<u>(8,891)</u>	<u>(271)</u>	<u>-</u>
PENSION RESERVE	<u>(1,608)</u>	<u>-</u>	<u>(123)</u>	<u>(622)</u>	<u>(2,353)</u>
RESTRICTED FIXED					
ASSET FUNDS					
DfE/EFA capital grants	283	-	(17)	-	266
DfC Capital grants	67	35	(20)	-	82
Donated capital	20,106	-	(500)	-	19,606
Other capital income	975	-	(159)	-	816
Capital expenditure from GAG	1,060	-	(171)	739	1,628
	<u>22,491</u>	<u>35</u>	<u>(867)</u>	<u>739</u>	<u>22,398</u>
UNRESTRICTED FUNDS	<u>188</u>	<u>1,271</u>	<u>(673)</u>	<u>(468)</u>	<u>318</u>
TOTAL FUNDS	<u>21,208</u>	<u>10,331</u>	<u>(10,554)</u>	<u>(622)</u>	<u>20,363</u>

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

18 FUNDS (*continued*)

Company

	<i>At 1 September 2013 £'000</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 August 2014 £'000</i>
RESTRICTED GENERAL FUNDS					
General Annual Grant GAG	128	8,409	(8,441)	(96)	-
Other DfE/EFA grants	-	188	(188)	-	-
Special Education Needs	-	67	(67)	-	-
National Support School	-	3	(3)	-	-
Other restricted	9	45	(54)	-	-
	<u>137</u>	<u>8,712</u>	<u>(8,753)</u>	<u>(96)</u>	<u>-</u>
PENSION RESERVE	<u>(1,608)</u>	<u>-</u>	<u>(123)</u>	<u>(622)</u>	<u>(2,353)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE/EFA capital grants	283	-	(17)	-	266
DfC capital grants	67	35	(20)	-	82
Donated capital	20,106	-	(500)	-	19,606
Other capital income	975	-	(159)	-	816
Capital expenditure from GAG	1,060	-	(171)	739	1,628
	<u>22,491</u>	<u>35</u>	<u>(867)</u>	<u>739</u>	<u>22,398</u>
UNRESTRICTED FUNDS	<u>188</u>	<u>1,446</u>	<u>(673)</u>	<u>(640)</u>	<u>321</u>
TOTAL FUNDS	<u><u>21,208</u></u>	<u><u>10,193</u></u>	<u><u>(10,416)</u></u>	<u><u>(619)</u></u>	<u><u>20,366</u></u>

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

18 FUNDS (continued)

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

- (i) GAG balance carried forward is to be used for recurrent expenditure in the forthcoming period. Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 1 discloses that this limit was not exceeded.
- (ii) Other restricted funds includes balances held for two projects the Academy is currently managing for the benefit of its students
- (iii) Restricted Fixed Asset Funds: capital fund relates to income received from the DfE, GAG funding used in the purchase of fixed assets and donated capital being the school building. On-going depreciation charges are charged against capital funds. No unallocated capital funds are included in restricted fixed asset funds.

Fund balances at 31 August 2014 were allocated as follows:

	Total £'000
Harrogate Grammar School Academy Trust	321
Red Kite Alliance Limited	(3)
HGS Ventures Limited	-
Added Value Portal Limited	-
	<hr/>
	318
	<hr/>
Restricted fixed asset fund	22,398
Pension reserve	(2,353)
	<hr/>
Total	20,363
	<hr/> <hr/>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Fixed asset investments	15	-	-	15
Tangible fixed assets	-	-	22,398	22,398
Current assets	1,780	-	-	1,780
Current liabilities	(1,264)	-	-	(1,264)
Long term liabilities	(213)	-	-	(213)
Pension scheme liability	-	(2,353)	-	(2,353)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS AT 31 AUGUST 2014	318	(2,353)	22,398	20,363
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS (*continued*)

Company

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	22,398	22,398
Current assets	1,651	-	-	1,651
Current liabilities	(1,117)	-	-	(1,117)
Long term liabilities	(213)	-	-	(213)
Pension scheme liability	-	(2,353)	-	(2,353)
TOTAL NET ASSETS AT 31 AUGUST 2014	321	(2,353)	22,398	20,366

20 TAXATION ON CHARITABLE ACTIVITIES

	2014 £'000	2013 £'000
Current tax:		
UK Corporation tax based on the results for the year at 20% (2013 - 21%)	4	-
Under provision in prior year	4	-
Total current tax	8	-

21 FINANCIAL COMMITMENTS

OPERATING LEASES

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

	2014 £	2013 £
Other:		
Expiring within one year	-	1
Expiring within two and five years inclusive	34	34
	34	35

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

22	RECONCILIATION OF CONSOLIDATED OPERATING (DEFICIT)/SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2014 £'000	2013 £'000
	(Deficit)/surplus on continuing operations after depreciation of assets at valuation before taxation	(215)	288
	Depreciation (note 13)	867	734
	Capital grants from DfE and other capital income	(35)	(204)
	Loss on disposal of fixed assets	1	-
	Interest receivable (note 4)	(20)	(18)
	FRS 17 pension cost less contributions payable (note 30)	60	80
	FRS 17 pension finance income (note 30)	63	66
	(Increase)/decrease in stocks	(4)	1
	(Increase)/decrease in debtors	(138)	(102)
	Increase/(decrease) in creditors	256	9
	NET CASH INFLOW FROM OPERATING ACTIVITIES	835	854
23	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2014 £'000	2013 £'000
	Interest received	20	18
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	20	18
24	TAXATION	2014 £'000	2013 £'000
	UK corporation tax	(4)	-
25	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2014 £'000	2013 £'000
	Purchase of tangible fixed assets	(779)	(1,659)
	Capital grants from DfE/EFA	35	204
	Proceeds from sale of tangible fixed assets	4	6
	Purchase of fixed asset investments	(15)	-
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(755)	(1,449)

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

26	FINANCING	2014 £'000	2013 £'000
----	-----------	---------------	---------------

Inflow from Salix loan	229	-
------------------------	-----	---

27	ANALYSIS OF CHANGES IN NET FUNDS	At 31 August 2013 £'000	Cash flows £'000	At 31 August 2014 £'000
	Cash in hand and at bank	912	325	1,237
	Short term debt	-	(16)	(16)
	Long term debt	-	(213)	(213)
		912	96	1,008

28 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 Trust is required either to re-invest the proceeds or to repay to the EFA 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 Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Trust's assets held for the purpose of the Trust; 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.

29 MEMBERS LIABILITIES

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 year ended 31 August 2014

30 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust'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 Mercer. 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 2012 and of the LGPS 31 March 2013

Contributions amounting to £113,874 (2013: £84,433) were payable to the schemes at 31 August 2014 and are included within other taxation and social security.

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

30 PENSION AND SIMILAR OBLIGATIONS (*continued*)

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £939,019 (2013: £852,378).

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 2014 was £358,000 (2013: £206,000), of which employer's contributions totalled £265,000 (2013: £127,000) and employees' contribution totalled £93,000 (2013: £79,000). The agreed rates for future years are 13.8 per cent for employers and range from 5.5 and 7.2 per cent for employees.

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

30 PENSION AND SIMILAR OBLIGATIONS *(continued)*

Principal actuarial assumptions

	2014 £'000	2013 £'000
Rate of increase in salaries	3.70%	4.15%
Rate of increase for pensions in payment	2.20%	2.40%
Discount rate	4.00%	4.60%
Inflation (CPI)	2.40%	2.40%
Commutation of pensions to lump sums		

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

	2014	2013
Retiring today:		
Males	23.0	22.6
Females	27.8	25.3
Retiring in 20 years:		
Males	25.3	24.4
Females	25.5	27.2

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

	Expected return at 31 August 2014	Fair value at 31 August 2014	Expected return at 31 August 2013	Fair value at 31 August 2013
Equities	7.00%	635	7.00%	533
Government bonds	2.90%	115	3.40%	75
Other bonds	3.80%	140	4.40%	92
Property	5.70%	60	5.70%	28
Cash/liquidity	0.5%	5	0.50%	17
Other bonds	7.0%	90	7.00%	67
TOTAL MARKET VALUE OF ASSETS		1,045		812
Present value of scheme liabilities				
- Funded		(3,398)		(2,420)
DEFICIT IN THE SCHEME		(2,353)		(1,608)

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

30 PENSION AND SIMILAR OBLIGATIONS *(continued)*

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

The actual return on the scheme assets was £123,000 (2013: £119,000). The pension scheme uses the building block approach to investment. The expected return on assets for 2015 is £65,000.

Total expenditure recognised in the Statement of Financial Activities

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	2014 £'000	2013 £'000
Current service cost (net of employee)	60	80
Total operating charge	60	80

ANALYSIS OF PENSION FINANCE INCOME/(COSTS)

Expected return on pension scheme assets	(57)	(31)
Interest on pension liabilities	120	97
Pension finance income/(costs)	63	66

TOTAL EXPENDITURE RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES

123	146
-----	-----

MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS WERE AS FOLLOWS

	2014 £'000	2013 £'000
At 31 August 2013	2,420	1,971
Current service cost	325	286
Interest cost	120	97
Employee contributions	93	79
Actuarial (gain)/loss	474	-
Benefits paid	(34)	(13)
At 31 August 2014	3,398	2,420

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

30 PENSION AND SIMILAR OBLIGATIONS *(continued)*

MOVEMENTS IN THE FAIR VALUE OF TRUST'S SHARE OF SCHEME ASSETS:	2014 £'000	2013 £'000
At 31 August 2013	812	421
Expected return on assets	57	31
Actuarial (gains)/loss	(148)	88
Employer contributions	265	206
Employee contributions	93	79
Benefits paid	(34)	(13)
	<hr/>	<hr/>
At 31 August 2014	1,045	812
	<hr/>	<hr/>

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 financial activities since the adoption of FRS 17 is £706,000 loss (2013: £84,000 loss).

The estimated value of employer contributions for the year ended 31 August 2014 is £294,000.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department of Education.

The four –year history* of experience adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligation at end of year	(3,398)	(2,420)	(1,971)	(1,385)
Fair value of plan assets at end of year	1,045	812	421	122
	<hr/>	<hr/>	<hr/>	<hr/>
Deficits	(2,353)	(1,608)	(1,550)	(1,263)
	<hr/>	<hr/>	<hr/>	<hr/>
EXPERIENCE ADJUSTMENTS ON SHARE OF SCHEME ASSETS:				
Amount £'000	(148)	88	9	(6)
	<hr/>	<hr/>	<hr/>	<hr/>
EXPERIENCE ADJUSTMENTS ON SCHEME LIABILITIES:				
Amount £'000	(474)	-	(199)	33
	<hr/>	<hr/>	<hr/>	<hr/>

*The Academy opened in 2011.

Harrogate Grammar School Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

31 RELATED PARTIES

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

During the year the company provided home improvements services to Mr R Sheriff, the Headteacher, to a value of £179 and to Mr S Howell, the Finance Director, to a value of £477. In both cases the charges raised were in excess of cost.

During the year Harrogate Grammar School received £2,000 from the National College for Teaching and Learning in order to enable the school to pay the expenses of Mr J McHugh in his role as National Leader of Governance. Mr J McHugh claimed expenses of £1,280 in the year through McHugh Enterprises Limited, a company in which he is a director.

During the year HGS Ventures Limited invested £15,000 in Added Value Portal Limited, a new company established to provide compliances and best value procurement services to schools and other public sector organisations. Following this investment, Mr S Howell, the Finance Director, was appointed by the school to serve as a director of Added Value Portal Limited. This £15,000 investment is shown in the consolidated accounts in note 12. The Shareholders Agreement between HGS Ventures Limited and Added Value Portal Limited also provides for an additional investment in the form of a loan to a value of £10,000 within 10 working days of written demand made by Added Value Portal Limited. No such request has yet been received.

During the year Red Kite Alliance Limited provided services at cost in the sum of £16,944 to Otley Prince Henry's School, an academy in which the wife of Mr R Sheriff is the Headteacher.

The company has taken advantage of the exemption permitted under Financial Reporting Standard No. 8 "Related Party Transactions" not to provide details of transactions with fellow group undertakings.

32 PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The entity has taken the exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006. The loss dealt with in the consolidated financial statements of the parent company was £842,000 (2013 – profit £376,000).

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HARROGATE GRAMMAR SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 September 2014 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harrogate Grammar School Academy Trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Harrogate Grammar School Academy Trust and the EFA in accordance with the terms of our engagement letter dated 22 September 2014. Our work has been undertaken so that we might state to the Harrogate Grammar School Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Harrogate Grammar School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Harrogate Grammar School Academy Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Harrogate Grammar School Academy Trust funding agreement with the Secretary of State for Education dated 13 June 2007 and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO HARROGATE GRAMMAR SCHOOL ACADEMY TRUST AND THE EDUCATION
FUNDING AGENCY) (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
2 Whitehall Quay
Leeds
LS1 4HG

Date 17.12.14