

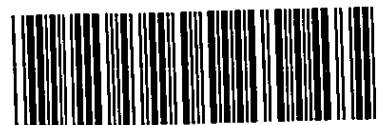
REGISTRAR'S  
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# Financial Statements Hazelwick School

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For the year ended 31 August 2013

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COMPANIES HOUSE

Registered number: 07686578

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## Reference and Administrative Details of the Academy, its Governors and Advisers

**For the year ended 31 August 2013**

### **Governors**

Mr Adrian Barrott  
Mrs Gill Cooban\*  
Mr Paul Deamer\*  
Mr John Eaton  
Ms Ann Frances Fearon\*  
Mr Norman Walter Hards\*  
Mrs Maria Leonard  
Mrs Shakeh Manassian  
Mr Shaun Mobsby  
Mrs Wendy Stanford\*  
Mr Paul Stewart\*  
Mr Darnill Stoddart (resigned 24 June 2013)  
Mr Kevin Stokes\*  
Mr Tony Weadon  
Ms Tracey Frampton

\* Members of the Premises and Finance Committee

### **Company registered number**

07686578

### **Principal and registered office**

Hazelwick School  
Three Bridges  
Crawley  
West Sussex  
RH10 1SX

### **Company secretary**

Sarah Sparrowhawk

### **Senior management team**

Ms Ann Fearon, Headteacher  
Mr Matthew Chalmers, Deputy Head  
Mr David Palmer, Deputy Head  
Mr Adam Chase, Assistant Head  
Mr Nicholas Hopkins, Assistant Head  
Mr David Leadbitter, Assistant Head  
Mr Simon Tasker, Assistant Head  
Mrs Ruth Bright, Business and Finance Director

**Hazelwick School**  
**(A company limited by guarantee)**

## Reference and Administrative Details of the Academy, its Governors and Advisers

**For the year ended 31 August 2013**

### **Advisers (continued)**

#### **Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants  
300 Pavilion Drive  
Northampton Business Park  
Northampton  
NN4 7YE

#### **Bankers**

HSBC  
9 The Boulevard  
Crawley  
West Sussex  
RH10 1UT

Lloyds TSB  
The Broadway  
PO Box 1000  
Crawley  
BX1 1LT

## **Governors' Report**

**For the year ended 31 August 2013**

The Governors present their report and the audited financial statements for the period ended 31 August 2013

### **Structure, governance and management**

#### **Constitution**

The school 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 School.

The School was incorporated as an Academy on 26 June 2011 and commenced operation as an Academy on 21 July 2011.

The Governors act as the Trustees for the charitable activities of Hazelwick School and are also the Directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as Hazelwick School.

#### **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.

#### **Governors' indemnities**

Subject to the provisions of the Companies Act 2006, every Governor or other officer or auditor of the School shall be indemnified out of the assets of the School against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the School.

#### **Principal activities**

The academy trust is a company limited by guarantee. The activities of the School are to provide a secondary level education in line with section 1(6) of the Academies Act 2010, with the objective to advance, for the public benefit education, in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

#### **Method of recruitment and appointment or election of Governors**

##### **Directors**

All Governors are Directors of the charitable company. Governors hold office for a period of four years, after which reappointment by election (for Parent and Staff Governors) or by invitation from the Governing Body (for Community Governor positions) may occur.

The present directors of the charitable company are listed on page 1.

##### **Governors**

The Governing Body of Hazelwick School is constituted to comprise of eight Community Governor positions, six Parent Governor positions, two Staff Governors and the Headteacher as ex officio.

## **Governors' Report (continued)**

**For the year ended 31 August 2013**

Parent Governors are elected by guardians / parents of registered students at the school, following an appropriate nomination and election process of eligible candidates

Staff Governor appointments also follow a nomination and election process with representation being taken from both the associate and teaching staff members

When appointing Community Governors regard is given, so far as is possible, to the skills mix and backgrounds of the Governors to ensure an appropriate breadth of skills, knowledge and experience is acquired to enable the Governing Body to contribute fully to the School's development and improvement. Where there is perceived to be a lack of skills in a particular area, the Governing Body may appoint an Associate Governor for a fixed period of 12 months

A Chair of Governors and Vice Chair of Governors are elected annually from the Governing Body population. However, a Governor who is employed by the School is not eligible for election as Chair or Vice Chair

### **Policies and procedures adopted for the induction and training of Governors**

The Governing Body has a commitment to ensuring that all Governors are trained to enable them to fulfil their statutory duties. This training is primarily undertaken through the service level agreement the school has with WSCC Governance Services. In addition to this, the Governors schedule a whole governing body training session on relevant topics, as required. The Clerk to the Governors monitors training attendance and administers the completion of a skills matrix which is periodically reviewed. The Chair of Governors makes recommendations to the Governing Body where it is felt that there is (or will be) a skills deficit.

### **Organisational structure**

Hazelwick School is governed by a Governing Body constituted under a Memorandum of Association and Articles of Association. The Governing Body is responsible for ensuring that high standards of governance are maintained. It exercises powers and functions with a view to fulfilling a largely strategic leadership role in the running of the School. This includes setting the strategic direction, ensuring compliance with legal requirements and monitoring of the School's performance.

Governors are responsible for setting general policy, adopting an annual school improvement plan, setting a balanced budget, making major decisions about the direction of the School, capital expenditure and senior staff appointments.

The Headteacher is the Accounting Officer.

In addition, the Headteacher has the delegated authority for the day to day operation of the School and is assisted by a Senior Leadership Team (SLT) comprising of two Deputy Headteachers, four Assistant Headteachers and a Business & Finance Director. Together the SLT control the School at an executive level implementing the policies laid down by the Governors and reporting back to them and providing evidence, reports and data analysis to the governing body meetings, allowing the governors to monitor effectively.

The Governing body operates a committee system with defined delegated terms of reference constituting the

Curriculum and Quality Committee  
Pastoral and Community Committee  
Personnel and Training Committee  
Premises and Finance Committee

Each committee and the Full Governing Body meet at least once a term. Minutes from all the meetings are

## **Governors' Report (continued)**

**For the year ended 31 August 2013**

circulated to all Governors irrespective of their committee membership

### **Objectives and Activities**

#### **Objects and aims**

Hazelwick is a well-established school serving a wide local community drawing students from over twenty different primary schools

Hazelwick School is

- a centre of educational excellence, successful, ambitious and dynamic, pushing the boundaries of academic achievement
- a provider of outstanding care, guidance and support - a school where individuals are safe, happy and valued
- a community of opportunity, a vibrant school where all children can contribute, find success and develop diverse strengths and interests
- standing out from the rest with a distinctive character and ethos, traditional but forward-looking

In securing the Hazelwick School vision we will

- provide dynamic, ambitious leadership, driving the improvement agenda across all areas of the school
- recruit, retain and develop a workforce of the highest quality
- provide a broad, balanced and responsive curriculum so that every student has rich and fulfilling education matched to their own needs
- provide an innovative, high quality and inclusive learning experience, equipping all learners with the knowledge, understanding and skills to be confident and successful in life and to contribute positively to the school, the local community and wider society
- insist on the highest standards of behaviour and foster self-respect, moral and ethical growth and personal responsibility
- assist all children to maximise their academic potential, challenging them to 'add value' to their previous attainment in every Key Stage
- create the highest quality environment to promote learning and well-being
- recognise, celebrate and encourage all types of achievement to promote inclusion, cohesion and self-esteem

Our stated objectives for 2012-13 were to continue to

- Review our Key Stage 4 curriculum
- Develop further the first class pastoral care we provide for our students
- Improve our quality of teaching and to share the current outstanding practice across the whole school
- Ensure that our use of data identifies areas for focus and improvement
- Develop our facility footprint to meet our future student requirements

We aimed to focus on embedding greater academic rigour and consistency in

- the quality of feedback and marking
- feedback via the introduction of new school policy
- enhanced staff training and development
- the use of assessment data to support lesson planning and progress
- sharing outstanding teaching practice amongst all staff

#### **Risk management**

The Governors have a risk assessment process that focuses on the areas of Strategic and Reputational, Operational, Compliance and Financial and is regularly reviewed to ensure the scope is sufficient

## **Governors' Report (continued)**

**For the year ended 31 August 2013**

### **Public benefit**

The Public benefit aim of this charity is for the advancement of education. The Governors can confirm that they have complied with the duty required of them in progressing the Academy Trust's Public Benefit aim.

### **Equal Opportunities**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The School has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. School policies reflect the School's position on equal opportunities.

### **Employee involvement**

Employees have access to Trades Union representation.

#### Disabled employees

The School fully supports the requirements of the Equality Act and ensures that school policy reflects this position.

The policy of the School is to ensure equitable recruitment and retention of employees with disabilities. The School does this by adapting the physical environment, by making support resources available and through training and career development.

The School has four staff who have registered a disability. One sources equipment and financial help from Access to Work. The others are aware of the scheme and their needs are reviewed in the school's DDA plan along with the needs of students who have registered a disability.

#### Environmental policy

Hazelwick School is committed to minimising the impact of its activities on the environment. All strategic initiatives consider relevant environmental legislation and the promotion of "green" initiatives.

### **Achievements and performance**

#### **Review of activities**

##### **Report on objectives set in 2012-13**

Our stated objectives for 2012-13 were to continue to

##### **Review our Key Stage 4 curriculum**

A thorough and detailed review of the KS4 curriculum was undertaken, which involved analysing patterns of attainment and achievement of current KS4 students, researching alternative curriculum models, and visiting schools of a similar size and intake. There was, in addition, a particular focus on the balance between examination-based and coursework-based subjects, in the light of the increased assessment demands of fully-linear GCSEs, at the same time as the reduction of vocational "equivalence" in 2014.

A new Cambridge National course in Sports Science was introduced. At the same time, an emphasis on the importance of the EBacc was maintained, which saw a significant increase in the uptake of History, Geography and Languages.



## Governors' Report (continued)

For the year ended 31 August 2013

In the Core subjects, the provision of both English Language and English Literature for the vast majority of students was maintained, and an alternative more accessible 'English Only' GCSE course was introduced for weaker students (10%). Entry criteria for Triple Science were softened and more students took the Double Science GCSE pathway, whilst the recently-introduced OCR Cambridge National course in Science was provided for the weakest 20% of students

The switch to a fully linear KS4 demanded a review of the academic calendar and the accurate mapping of all Year 10/11 Controlled Assessments, coursework deadlines, internal examinations and external examinations for 2012-2013

The outcome of the 2012/2013 KS4 curriculum review was a broad and balanced curriculum, both core and optional, which contained a wide range of flexible and appropriate pathways, offering both challenge and support, that enabled all Hazelwick students to construct a personalised curriculum to give themselves the best possible chance of success in 2015. All changes were presented to the Governing Body who fully endorsed all proposals

### **Develop further the first class pastoral care we provide for our students**

We appointed a member of staff with EWO responsibilities with a remit to include the exploration and establishment of Alternative Provision (AP) opportunities for Hazelwick students. We now have a greater capacity to work with the families of our most at-risk students and our new EWO has made highly successful interventions to improve the educational and life chances of these children

We have undertaken work with the West Sussex 'Links College' and other providers to find opportunities for vulnerable and challenging students. The positive professional relationship we have developed with the West Sussex Inclusion Team (Links College) has benefited individuals and groups of our most vulnerable and challenging students

We have increased Learning Mentor time and appointed a new Learning Mentor. This has enabled us to provide support more widely across the Key Stage 3 year groups as well as maintaining the existing excellent transition work. The role of 6th Form Student Mentors has continued to thrive

The introduction of online CP and Safeguarding training, purchased from Hays Training, has enabled all staff and Student Teachers to complete Child Protection, Safeguarding, Health and Safety and Anti-Bullying Training online. This has enhanced our existing systems. The training is tracked online and certificates confirming the completion of the training are produced automatically

### **Improve our quality of teaching and to share the current outstanding practice across the whole school; embed greater rigour in the quality of marking and feedback via the introduction of a new school policy and staff CPD**

Throughout the year we have maintained an unwavering focus on improving the quality of teaching and learning. An INSET focus on collaborative planning followed a cycle of joint lesson planning, delivery of the lesson itself and then an evaluation of how effective the lesson was. Subject leaders were given additional "teaching and learning time" on their timetable, which allowed them to pursue a number of strategies to improve the quality of teaching and these were collated and shared amongst subject leaders. The sharing of good practice took many forms, including a weekly "teaching and learning top up", a fortnightly "15 minute forum" with teachers sharing ideas with colleagues after school and a SPLAT fortnight (Sharing a Passion for Learning And Teaching) with the opportunity for peer observation. Teaching staff who are recognised as excellent practitioners co-delivered training sessions and delivered CPD as part of our structured programme. In whole school INSET days we welcomed national leaders in their field. At the end of the summer term we hosted our first TeachMeet, where colleagues from 9 different secondary schools across 4 local authorities came together in our school to share practical ideas and best practice

In the autumn term a small focus group was formed to revisit the feedback and marking policy. After this process

## **Governors' Report (continued)**

**For the year ended 31 August 2013**

a new feedback and marking policy was written, launched to staff and monitored throughout the year. It centres around recognising what a student has done well and then giving clear, specific development points, together with the opportunity for students to respond to the feedback. Bespoke stickers and stamps have assisted staff in implementing this policy.

There has been increased monitoring of the quality of teaching and also of feedback and marking by the SLT through a scheduled programme of regular visits to lessons.

### **Ensure that our use of data identifies areas for focus and improvement**

Our new approach to data in 2012-13 was the increased scrutiny of the collected information at all levels throughout the school. Through a combination of new software, greater training, enhanced analysis and increased focus the SLT, Heads of Year and Subject Leaders have all had far more detailed useful data.

During the summer term the school purchased a KS4 data interface called 4Matrix to supplement the in house analysis, on the findings and recommendations of the Data Working Party. The detailed analysis that this provides has been greatly beneficial. 2012-13 also saw far greater use of SIMS as a means of collecting data and we have appointed a SIMS data manager enabling a clearer strategic vision for SIMS use.

### **Develop our facility footprint to meet our future student requirements**

Major refurbishments, including replacement windows and new student toilets, have been made throughout the whole school site. During the academic year 2012-13, our Modern Foreign Languages Department has been extensively refurbished, resulting in excellent teaching and learning facilities, including an additional classroom and a dedicated ICT suite. The Sixth Form facilities have also been significantly updated and remodelled and dedicated study space, with ICT equipment is now available for Sixth Formers throughout the whole of the school day. The change of catering providers has resulted in a complete overhaul of our canteen facilities and has resulted in a very significant increase in student uptake of school lunches.

Our Physical Education facilities have been refurbished and now include a fully equipped fitness suite, which has been built created by the building of a mezzanine floor above one of our halls.

Considerable investment in the infrastructure of the Music Department now allows us to offer a full range of Music experiences, including our new choir, school band and the offer of Music A level. The state of the art facilities are used extensively by our own students and by West Sussex Music Service.

## **Results**

### **A Level Results – Summer 2013**

- 99.6% pass rate
- 47% of grades were A\*-B
- 21% of grades were A\* or A
- Average UCASE points total was 295 per student

### **GCSE Results – Summer 2013**

- 56% of students achieved 5 or more grades A\*-C GCSE or equivalent including GCSE Maths and English
- 68% of students achieved grade C or above in English
- 71% of students achieved grade C or above in Maths
- 21% of all GCSE grades were A\* or A
- 32% of students achieved the English Baccalaureate (EBac)

## **Governors' Report (continued)**

**For the year ended 31 August 2013**

### **Financial review**

Hazelwick School is a charitable company whose principal income is central government funding. The School produces an annual student census report on which funding for the subsequent year is based. The School has a form and receives funding for this from central government. This funding is calculated using a different criteria from 11 – 16 funding. The 6th form funding is in line with other 6th form and Further Education providers.

The School presents a balanced budget each year which calculates projected expenditure on all key Operating expenditure categories.

All expenditure is in support of providing non selective secondary education. The income consists of 95% central and local authority statutory funding and 5% from lettings. No funds are in deficit, there are no material investments and the land and buildings are freehold and are owned by the Academy Trust.

### **Going concern**

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

### **Financial review**

#### **Reserves policy**

The School is a “converter” academy and brought forward a surplus from West Sussex County Council on conversion. That surplus (£493,000) has been held in reserve primarily to improve the buildings and this has been expended in 2013. Future accumulated reserves will be presented to the Governors to confirm that they are to be kept in reserve for building improvements. The school is developing a three year rolling capital works programme and it is anticipated that the reserves will contribute to funding this along with any capital grants that are available from central government funding.

These are free reserves (eg. not restricted funds). Their value is not dependant on the School releasing or disposing of fixed assets.

#### **Material investments policy**

During the year ended 31 August 2013, no investments were made. Governors have determined that future cash flow will be managed to enable balances to be invested in secure short-term High Interest Deposit Accounts.

#### **Plans for future periods**

Our objectives for the current academic year are to continue to

- prepare KS4 students for the move to linearity
- undertake curriculum reviews at KS3 and KS5
- review the scheduling style and content of report writing across the school
- continue to improve the quality assurance of teaching and learning
- develop a whole-school House system
- develop the use and effectiveness of IT across the school

## Governors' Report (continued)

For the year ended 31 August 2013

### Funds held as custodian

There are no funds held by Hazelwick School as Custodian Trustee

### Principal risks and uncertainties

The School considers the following to be their primary risk categories which are evaluated monthly throughout the year by the Finance Team. The risk evaluation is held in the School's Risk Register. Exception reports are issued to the Accounting Officer and the Chair of the Finance & Premises Committee.

#### Risks identified

- Overall financial control risk – budget / reconciliation / consolidation risk
- Financial systems risk – systems suitability / maintenance / disaster recovery / access
- Income risk – completeness / restricted income / cut-off risk / fraud
- Expenditure risk – authorisation / allocation / price / cut-off / fraud
- Treasury risk – cash flow
- Fixed asset risk – capital construction / asset recognition / fraud
- Investment risk – return
- Stock risk – fraud
- Debtors risk – recoverability / completeness / cut-off / cash flow
- Taxation risk – non charitable trading / change in legislation
- Provisions and contingency liability risk – recognition / contractual commitments
- Related party risk – identification / disclosure
- Funds risk – level of funds / endowment
- Pension risk – funding / contributions

## **Governors' Report (continued)**

**For the year ended 31 August 2013**

### **Disclosure of information to auditor**

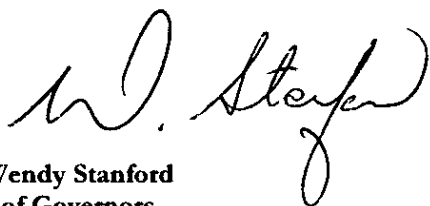
In so far as the Governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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.

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.

Grant Thornton UK LLP, having expressed their willingness to continue in office will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006.



**Mrs Wendy Stanford**  
**Chair of Governors**  
**30 January 2014**

## Governance Statement

### Scope of Responsibility

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

The board of Governors has delegated the day-to-day responsibility to the Head Teacher, 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 Hazelwick School and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

### Governance of the charitable company

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The board of Governors has formally met 4 times during the year. Attendance during the year at meetings, including sub-committee meetings, of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr Adrian Barrott	9	10
Mrs Gill Cooban	14	14
Mr Paul Deamer	14	14
Mr John Eaton	2	7
Ms Ann Frances Fearon	20	20
Mr Norman Walter Hards	16	18
Mrs Maria Leonard	6	12
Mrs Shakeh Manassian	6	12
Mr Shaun Mobsby	11	14
Mrs Wendy Stanford	21	21
Mr Paul Stewart	9	11
Mr Darrill Stoddart	1	6
Mr Kevin Stokes	5	11
Mr Tony Weldon	9	12
Ms Tracey Frampton	13	14

Subsequent to this end of the financial year, Mr Darrill Stoddart and Mr John Eaton have completed their term of office and not stood again for appointment.

### 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 Hazelwick School for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The board of Governors has reviewed the key risks to which the academy is exposed together with the operating,

## **Governance Statement (continued)**

financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

### **The Risk and Control Framework**

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

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

The board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed an external consultant, as Responsible Officer (RO)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the board of Governors on the operation of the systems of control and on the discharge of the board of Governors' financial responsibilities.

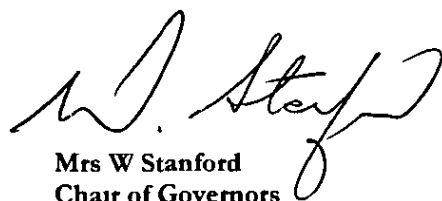
### **Review of Effectiveness**

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

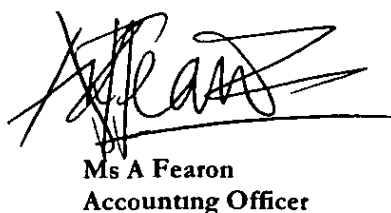
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 board of Governors on 30 January 2014 and signed on their behalf, by



**Mrs W Stanford**  
**Chair of Governors**



**Ms A Fearon**  
**Accounting Officer**

## Statement on Regularity, Propriety and Compliance

As Accounting Officer of Hazelwick School I have considered my responsibility to notify the academy board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 board of Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook.

I confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Governors and the EFA or, if occurring after the date of this statement, will be notified to the board of Governors and the EFA.



**Ms A Fearon**  
Accounting Officer

Date 30 January 2014



## **Governors' Responsibilities Statement**

**For the year ended 31 August 2013**

The Governors (who act as governors of Hazelwick School 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 Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the 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

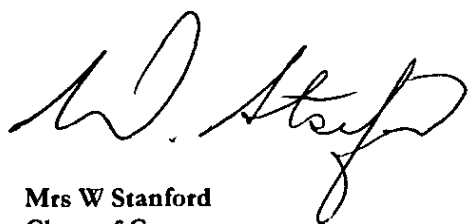
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 board of Governors on 30 January 2014 and signed on its behalf by



**Mrs W Stanford**  
**Chair of Governors**



## Independent Auditor's Report to the Members of Hazelwick School

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

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 its members, as a body for our audit work, for this report, or for the opinion we have formed.

### **Respective responsibilities of Governors and auditor**

As explained more fully in the Governors' responsibilities statement, the Governors (who 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 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 [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

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

### **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.



Grant Thornton

## Independent Auditor's Report to the Members of Hazelwick School

### Matters on which we are required to report by exception

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

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

Steve Robinson (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Northampton

31 January 2014

# Independent Reporting Auditor's Assurance Report on Regularity to Hazelwick School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 26 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hazelwick School during the year 1 September 2012 to 31 August 2013 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 Hazelwick School and the EFA in accordance with the terms of our engagement letter dated 26 September 2013. Our review work has been undertaken so that we might state to Hazelwick School and the EFA those matters we are required to state to them 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 Hazelwick School and the EFA, for our review work, for this report, or for the conclusion we have formed

## **Respective responsibilities of Hazelwick School's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Hazelwick School's funding agreement with the Secretary of State for Education dated 21 July 2011, and the Academies Financial Handbook extant from 1 September 2012, 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. 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 year 1 September 2012 to 31 August 2013 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 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

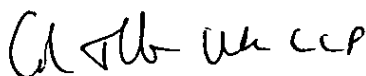
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

# Independent Reporting Auditor's Assurance Report on Regularity to Hazelwick School and the Education Funding Agency (continued)

## **Conclusion**

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

The preparation of the Academy's financial statements was delayed due to the late receipt of the actuarial valuation for the West Sussex County Council Pension Fund deficit, a Local Government Pension Scheme, which is required in order to account for the liability in accordance with FRS 17 Retirement Benefits. As a consequence, the Academy was unable to meet the requirements of the Academies Financial Handbook 2012 to submit its audited financial statements by 31 December 2013



**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Northampton

31 January 2014

## Statement of Financial Activities

(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
For the year ended 31 August 2013

	Note	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary Income - Capital introduced on conversion	3	-	-	-	-	22,355,117
Activities for generating funds	4	-	-	493,134	493,134	348,204
Investment income	5	-	-	2,233	2,233	1,344
Incoming resources from charitable activities	6	9,317,508	34,746	-	9,352,254	10,539,145
<b>Total incoming resources</b>		<b>9,317,508</b>	<b>34,746</b>	<b>495,367</b>	<b>9,847,621</b>	<b>33,243,810</b>
<b>Resources expended</b>						
Charitable activities		8,627,867	216,754	282,522	9,127,143	9,508,653
Governance costs	8	42,925	-	-	42,925	134,737
<b>Total resources expended</b>	9	<b>8,670,792</b>	<b>216,754</b>	<b>282,522</b>	<b>9,170,068</b>	<b>9,643,390</b>
<b>Net income before transfers</b>		<b>646,716</b>	<b>(182,008)</b>	<b>212,845</b>	<b>677,553</b>	<b>23,600,420</b>
Transfers between Funds	18	(987,120)	2,035,418	(1,048,298)	-	-
<b>Net income for the year</b>		<b>(340,404)</b>	<b>1,853,410</b>	<b>(835,453)</b>	<b>677,553</b>	<b>23,600,420</b>
Actuarial gains and losses on defined benefit pension schemes		15,000	-	-	15,000	(125,000)
<b>Net movement in funds for the year</b>		<b>(325,404)</b>	<b>1,853,410</b>	<b>(835,453)</b>	<b>692,553</b>	<b>23,475,420</b>
Total funds at 1 September 2012		(63,241)	22,694,975	843,686	23,475,420	-
<b>Total funds at 31 August 2013</b>		<b>(388,645)</b>	<b>24,548,385</b>	<b>8,233</b>	<b>24,167,973</b>	<b>23,475,420</b>

All of the academy's activities are continuing in the current financial period

The Statement of Financial Activities includes all gains and losses recognised in the period

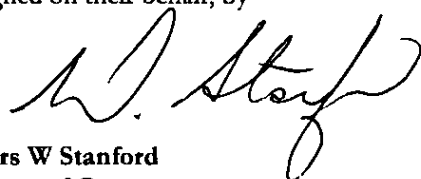
The notes on pages 23 to 40 form part of these financial statements

## Balance Sheet

As at 31 August 2013

	Note	£	2013 £	2012 £
<b>Fixed assets</b>				
Tangible assets	15		24,548,385	22,434,868
<b>Current assets</b>				
Debtors	16	370,543	473,484	
Cash at bank and in hand		1,049,238	2,102,339	
		<u>1,419,781</u>	<u>2,575,823</u>	
<b>Creditors:</b> amounts falling due within one year	17	<u>(990,193)</u>	<u>(731,271)</u>	
<b>Net current assets</b>			429,588	1,844,552
<b>Total assets less current liabilities</b>			<u>24,977,973</u>	<u>24,279,420</u>
Defined benefit pension scheme liability	25		<u>(810,000)</u>	<u>(804,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>24,167,973</u></u>	<u><u>23,475,420</u></u>
<b>Funds of the academy</b>				
Restricted funds				
Restricted funds	18	421,355	740,759	
Restricted fixed asset funds	18	<u>24,548,385</u>	<u>22,694,975</u>	
Restricted funds excluding pension liability		<u>24,969,740</u>	<u>23,435,734</u>	
Pension reserve		<u>(810,000)</u>	<u>(804,000)</u>	
Total restricted funds			<u>24,159,740</u>	<u>22,631,734</u>
Unrestricted funds	18		<u>8,233</u>	<u>843,686</u>
<b>Total funds</b>			<u><u>24,167,973</u></u>	<u><u>23,475,420</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 30 January 2014 and are signed on their behalf, by



**Mrs W Stanford**  
**Chair of Governors**

The notes on pages 23 to 40 form part of these financial statements

## Cash Flow Statement

For the year ended 31 August 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	20	1,240,191	1,311,885
Returns on investments and servicing of finance	21	2,233	1,344
Capital expenditure and financial investment	21	(2,295,525)	260,107
Cash transferred on conversion to an academy trust		-	(529,003)
<b>(Decrease)/Increase in cash in the year</b>		<b>(1,053,101)</b>	<b>1,044,333</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 August 2013

	2013 £	2012 £
(Decrease)/Increase in cash in the year	(1,053,101)	1,044,333
<b>Movement in net funds in the year</b>	<b>(1,053,101)</b>	<b>1,044,333</b>
Net funds at 1 September 2012	2,102,339	1,058,006
<b>Net funds at 31 August 2013</b>	<b>1,049,238</b>	<b>2,102,339</b>

The notes on pages 23 to 40 form part of these financial statements



# **Notes to the Financial Statements**

**For the year ended 31 August 2013**

## **1. Accounting Policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

### **1.2 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

### **1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

#### **Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

#### **Other donations**

Other 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 31 August 2013.

#### **Interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 1. Accounting Policies (continued)

### 1.4 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 cost of generating funds, the charitable company'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. Central staff and support costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

#### Governance costs

Governance costs include the costs attributable to the charitable company's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

All resources expended are inclusive of irrecoverable VAT.

### 1.5 Going concern

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

### 1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	50 years
Motor vehicles	-	5 years
Plant	-	25 - 30 years
Equipment	-	10 - 15 years
IT equipment	-	3 - 7 years

# Notes to the Financial Statements

For the year ended 31 August 2013

## **1. Accounting Policies (continued)**

### **1.7 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term

### **1.8 Taxation**

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

### **1.9 Pensions**

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the School

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 25, the TPS is a multi-employer scheme and the School 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 School 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 the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period 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.

## Notes to the Financial Statements

For the year ended 31 August 2013

### 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 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.

The academy has not exceeded these limits during the year ended 31 August 2013.

### 3. Voluntary income

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Capital introduced on conversion	-	-	-	22,355,117
Voluntary income	-	-	-	22,355,117

### 4. Activities for generating funds

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Hire of facilities	-	63,369	63,369	99,306
Sundry income	-	429,765	429,765	248,898
	-	493,134	493,134	348,204

### 5. Investment income

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Investment income	-	2,233	2,233	1,344

# Notes to the Financial Statements

For the year ended 31 August 2013

## 6. Incoming resources from charitable activities

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DfE/EFA revenue grants	9,317,508	-	9,317,508	10,172,732
Academy main building grants	34,746	-	34,746	366,413
	<u>9,352,254</u>	<u>-</u>	<u>9,352,254</u>	<u>10,539,145</u>

### Funding for Academy's educational operations

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	9,145,568	-	9,145,568	10,119,743
Other DfE/EFA grants	171,940	-	171,940	52,989
	<u>9,317,508</u>	<u>-</u>	<u>9,317,508</u>	<u>10,172,732</u>

## 7. Charitable activities - Academy's educational operations

### Summary by fund type

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Direct costs	6,954,083	282,522	7,236,605	7,091,734
Allocated support costs	1,890,538	-	1,890,538	2,416,919
	<u>8,844,621</u>	<u>282,522</u>	<u>9,127,143</u>	<u>9,508,653</u>

## Notes to the Financial Statements

For the year ended 31 August 2013

	Restricted funds £	Unrestricted Funds £	2013 £	2012 £
<b>Direct costs</b>				
Teaching and educational support staff costs	6,014,908	-	6,014,908	6,250,013
Depreciation	216,754	-	216,754	205,417
Educational supplies	296,076	282,522	578,598	318,599
Examination fees	154,781	-	154,781	160,912
Staff development	107,923	-	107,923	55,580
Educational consultancy	69,556	-	69,556	56,334
Other direct costs	70,085	-	70,085	20,879
Finance costs	24,000	-	24,000	24,000
<b>Total</b>	<b>6,954,083</b>	<b>282,522</b>	<b>7,236,605</b>	<b>7,091,734</b>

	Restricted funds £	Unrestricted funds £	2013 £	2012 £
<b>Allocated support costs</b>				
Wages and salaries	796,983	-	796,983	769,215
Recruitment and support	24,291	-	24,291	56,805
Maintenance of premises and equipment	525,140	-	525,140	905,030
Cleaning	165,673	-	165,673	174,219
Insurance	60,556	-	60,556	986
Security and transport	9,752	-	9,752	1,505
Catering	84,913	-	84,913	69,767
Other support costs	223,230	-	223,230	439,392
<b>Total</b>	<b>1,890,538</b>	<b>-</b>	<b>1,890,538</b>	<b>2,416,919</b>

### 8. Governance costs

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Governance costs	42,925	-	42,925	134,737

# Notes to the Financial Statements

For the year ended 31 August 2013

## 9. Analysis of resources expended

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Direct costs	6,014,908	216,754	1,004,943	7,236,605	7,091,734
Allocated support costs	796,983	914,043	179,512	1,890,538	2,416,919
<b>Charitable activities</b>	<b>6,811,891</b>	<b>1,130,797</b>	<b>1,184,455</b>	<b>9,127,143</b>	<b>9,508,653</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>42,925</b>	<b>42,925</b>	<b>134,737</b>
	<b>6,811,891</b>	<b>1,130,797</b>	<b>1,227,380</b>	<b>9,170,068</b>	<b>9,643,390</b>

## 10. Net incoming resources

This is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the charity	216,754	205,417
Auditor's remuneration	9,025	8,850

# Notes to the Financial Statements

For the year ended 31 August 2013

## 11. Staff costs

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	5,616,648	5,765,727
Social security costs	427,958	441,025
Other pension costs (Note 25)	767,285	812,476
	<u>6,811,891</u>	<u>7,019,228</u>

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

	2013 No	2012 No
Teachers	109	108
Administration and support	57	62
Management	7	8
	<u>173</u>	<u>178</u>

The number of employees whose emoluments (salary and benefits) fell within the following bands was

	2013 No.	2012 No
In the band £ 60,001 - £ 70,000	4	3
In the band £ 70,001 - £ 80,000	3	1
In the band £ 80,001 - £ 90,000	1	0
In the band £ 90,001 - £100,000	1	1
	<u>9</u>	<u>5</u>

Of the above employees, 8 participated in the Teachers' Pension Scheme and 1 participated in the Local Government Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £74,127 and £10,762 respectively.



## Notes to the Financial Statements

For the year ended 31 August 2013

### 12. Governors' remuneration and expenses

The Headteacher and other staff Governors only receive remuneration (which includes salary, benefits and pension contributions) in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	2013 £	2012 £
Ms A Fearon - Headteacher	120,000-125,000	105,000-110,000
Ms T Frampton - Staff Governor	50,000-55,000	0-5,000
Mrs G Cooban - Staff Governor	25,000-30,000	15,000-20,000
Ms H Block - Staff Governor	0-5,000	50,000-55,000

During the year, one Governor received reimbursement of travel and subsistence expenses amounting to £267 (2012 - £20)

### 13. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,298 (2012 - £652)

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

### 14. Other finance income

	2013 £	2012 £
Expected return on pension scheme assets	65,000	69,000
Interest on pension scheme liabilities	(89,000)	(93,000)
	<u>(24,000)</u>	<u>(24,000)</u>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 15. Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Furniture and equipment £	Total £
<b>Cost</b>				
At 1 September 2012	22,500,000	33,979	106,306	22,640,285
Additions	2,225,271	-	105,000	2,330,271
At 31 August 2013	24,725,271	33,979	211,306	24,970,556
<b>Depreciation</b>				
At 1 September 2012	185,501	11,960	7,956	205,417
Charge for the year	171,231	11,040	34,483	216,754
At 31 August 2013	356,732	23,000	42,439	422,171
<b>Net book value</b>				
At 31 August 2013	24,368,539	10,979	168,867	24,548,385
At 31 August 2012	22,314,499	22,019	98,350	22,434,868

Included in the freehold land and buildings is transferred land with a value of £12,226,120 (2012 £12,226,120) which is not depreciated

## 16. Debtors

	2013 £	2012 £
Trade debtors	290	10,591
Other debtors	282,837	134,877
Prepayments and accrued income	87,416	328,016
	<u>370,543</u>	<u>473,484</u>

## 17. Creditors:

Amounts falling due within one year

	2013 £	2012 £
Trade creditors	500,552	329,513
Other taxation and social security	134,045	129,705
Other creditors	214,770	199,962
Accruals and deferred income	140,826	72,091
	<u>990,193</u>	<u>731,271</u>

## Notes to the Financial Statements

For the year ended 31 August 2013

### 18. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Fund	843,686	495,367	(282,522)	(1,048,298)	-	8,233
<b>Restricted general funds</b>						
General Annual Grant (GAG)	740,759	9,145,568	(8,477,852)	(987,120)	-	421,355
Other grants	-	171,940	(171,940)	-	-	-
Pension reserve	(804,000)	-	(21,000)	-	15,000	(810,000)
	<u>(63,241)</u>	<u>9,317,508</u>	<u>(8,670,792)</u>	<u>(987,120)</u>	<u>15,000</u>	<u>(388,645)</u>
<b>Restricted fixed asset funds</b>						
DfE capital grants	366,413	34,746	-	(19,826)	-	381,333
Opening fixed assets fund	22,328,562	-	(216,754)	-	-	22,111,808
Funded from GAG and reserves	-	-	-	2,055,244	-	2,055,244
	<u>22,694,975</u>	<u>34,746</u>	<u>(216,754)</u>	<u>2,035,418</u>	<u>-</u>	<u>24,548,385</u>
Total restricted funds	<u>22,631,734</u>	<u>9,352,254</u>	<u>(8,887,546)</u>	<u>1,048,298</u>	<u>15,000</u>	<u>24,159,740</u>
Total of funds	<u>23,475,420</u>	<u>9,847,621</u>	<u>(9,170,068)</u>	<u>-</u>	<u>15,000</u>	<u>24,167,973</u>

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Governors

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded

## Notes to the Financial Statements

For the year ended 31 August 2013

### 19. Analysis of net assets between funds

	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	24,548,385	-	24,548,385	22,434,868
Current assets	1,411,548	-	8,233	1,419,781	2,575,823
Creditors due within one year	(990,193)	-	-	(990,193)	(731,271)
Provisions for liabilities and charges	(810,000)	-	-	(810,000)	-
	<u>(388,645)</u>	<u>24,548,385</u>	<u>8,233</u>	<u>24,167,973</u>	<u>23,475,420</u>

### 20. Net cash flow from operations

	2013 £	2012 £
Net incoming resources before revaluations	677,553	23,600,420
Returns on investments and servicing of finance	(2,233)	(1,344)
Assets on donation	-	(22,533,979)
Depreciation of tangible fixed assets	216,754	205,417
Capital grants from DfE	(34,746)	(366,413)
Decrease/(increase) in debtors	102,941	(473,484)
Increase in creditors	258,922	731,271
FRS 17 Pension finance income	-	24,000
FRS 17 adjustments	21,000	125,997
<b>Net cash inflow from operations</b>	<u>1,240,191</u>	<u>1,311,885</u>

### 21. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>2,233</u>	<u>1,344</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(2,330,271)	(106,306)
Capital grants from DfE	34,746	366,413
<b>Net cash (outflow)/inflow capital expenditure</b>	<u>(2,295,525)</u>	<u>260,107</u>

## Notes to the Financial Statements

For the year ended 31 August 2013

### 22. Analysis of changes in net funds

	1 September 2012	Cash flow	Other non-cash changes	31 August 2013
	£	£	£	£
Cash at bank and in hand	2,102,339	(1,053,101)	-	1,049,238
Net funds	2,102,339	(1,053,101)	-	1,049,238

### 23. Contingent liabilities

There are no contingent liabilities at 31 August 2013 or 31 August 2012

### 24. Capital commitments

There are no capital commitments at 31 August 2013 or 31 August 2012

### 25. Retirement benefits

The academy's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Sussex County Council Both are defined benefit schemes

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

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

##### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements

## Notes to the Financial Statements

For the year ended 31 August 2013

### 25. Retirement benefits (continued)

governed by the above Act

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

#### Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004 The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth was assumed to be 1.5% The assumed gross rate of return was 6.5% From 1 January 2007, the 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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below Scheme valuations therefore remain suspended The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015

#### Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age Importantly, pension benefits built up before 1 April 2015 will be fully protected

## Notes to the Financial Statements

For the year ended 31 August 2013

### 25. Retirement benefits (continued)

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

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.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £274,000, of which employer's contributions totalled £213,000 and employees' contributions totalled £61,000. The agreed contribution rates for future years are 17.5% for employers and 5.5 - 7.5% for employees.

The amounts recognised in the Balance sheet are as follows

	2013 £	2012 £
Present value of funded obligations	(2,448,000)	(1,967,000)
Fair value of scheme assets	1,638,000	1,163,000
Net liability	<u>(810,000)</u>	<u>(804,000)</u>

The amounts recognised in the Statement of financial activities are as follows

	2013 £	2012 £
Current service cost	(210,000)	(176,000)
Interest on obligation	(89,000)	(93,000)
Expected return on scheme assets	65,000	69,000
Total	<u>(234,000)</u>	<u>(200,000)</u>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 25. Retirement benefits (continued)

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

	2013 £	2012 £
Opening defined benefit obligation	1,967,000	1,536,000
Current service cost	210,000	176,000
Interest cost	89,000	93,000
Contributions by scheme participants	61,000	56,000
Actuarial Losses	121,000	106,000
	<hr/>	<hr/>
Closing defined benefit obligation	2,448,000	1,967,000
	<hr/>	<hr/>

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

	2013 £	2012 £
Opening fair value of scheme assets	1,163,000	863,000
Expected return on assets	65,000	69,000
Actuarial gains and (losses)	136,000	(19,000)
Contributions by employer	213,000	194,000
Contributions by employees	61,000	56,000
	<hr/>	<hr/>
	1,638,000	1,163,000
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £110,000 (2012 - £125,000)

The academy expects to contribute £217,000 to its Defined benefit pension scheme in 2014

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

	2013	2012
Equities	74 00 %	73 00 %
Bonds	15 00 %	17 00 %
Property	8 00 %	9 00 %
Cash	3.00 %	1 00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013	2012
Discount rate for scheme liabilities	4 60 %	4 10 %
Expected return on scheme assets at 31 August	6.00 %	5 00 %
Rate of increase in salaries	5.10 %	4 50 %
Rate of increase for pensions in payment / inflation	2 80 %	2 20 %



# Notes to the Financial Statements

For the year ended 31 August 2013

## 25. Retirement benefits (continued)

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

	2013	2012
Retiring today		
Males	22.7	22.7
Females	24.2	24.2
Retiring in 20 years		
Males	24.3	24.3
Females	26.4	26.4

Amounts for the current and previous two periods are as follows

Defined benefit pension schemes

	2013 £	2012 £	2011 £
Defined benefit obligation	(2,448,000)	(1,967,000)	(1,536,000)
Scheme assets	1,638,000	1,163,000	863,000
Deficit	(810,000)	(804,000)	(673,000)
Experience adjustments on scheme assets	136,000	(19,000)	-

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 for Education. The guarantee came into force on 18 July 2013.

## 26. Operating lease commitments

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Expiry date.		
Within 1 year	31,500	-
Between 2 and 5 years	-	46,000

## Notes to the Financial Statements

For the year ended 31 August 2013

### **27. Related party transactions**

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

There were no transactions with related parties in the year, other than remuneration paid to staff Governors, details of which are disclosed in note 12.