

Hall Mead School

Company Limited by Guarantee

Annual Report and Financial Statements

Governors' Annual Report



Hall Mead School Company Limited by Guarantee

Financial Statements

Period from 12 July 2011 to 31 August 2012

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Reference and Administrative Details

Period from 12 July 2011 to 31 August 2012

Governors	<p>Chairman John McKernan (Appointed 13 Oct 2011)</p> <p>Vice-Chairman David Forster (Appointed 13 Oct 2011)</p> <p>Community Governors</p> <p>Glen Adams (Appointed 27 March 2012)</p> <p>Colin Arthey (Appt May 2012, Res 15 Nov12)</p> <p>Caroline Brennan (Appointed 13 Oct 2011)</p> <p>Malcolm Evans (Appointed 13 Oct 2011)</p> <p>Emma Field (Appointed 13 Oct 2011)</p> <p>Scott Lister (Appointed 13 Oct 2011)</p> <p>Stephen Roome (Appointed 13 Oct 2011)</p> <p>Parent Governors</p> <p>Steve Downham (Appointed 13 Oct 2011)</p> <p>Andy Emanuel (Appointed 13 Oct 2011)</p> <p>David Harries (Appointed 13 Oct 2011)</p> <p>Christian Pickering (Resigned 21 March 2012)</p> <p>Sarah Simon (Appointed 23 March 2012)</p> <p>Keith Stewart (Appointed 16 March 2012)</p> <p>Karen Townsend (Appointed 13 Oct 2011)</p> <p>Staff Governors</p> <p>Simon London (Appointed 13 Oct 2011)</p> <p>Jemma Dockrill (Appointed 13 Oct 2011)</p> <p>Margaret Drew (Appointed 13 Oct 2011)</p> <p>Victoria Hallett (Appointed 13 Oct 2011)</p>
Company Secretary	Nigel Curtis
Responsible Officer	Stephen Roome
Accounting Officer	Simon London
Senior Leadership Team:	
Headteacher	Simon London
Deputy Headteacher	James Brooks
Deputy Headteacher	Elaine Ward
Senior Assistant Headteacher	Paul Cotter
Senior Assistant Headteacher	Tina Parsons
Asst Headteacher	Daniel Lockwood
Business Manager	Nigel Curtis
Principal and Registered Office	<p>Hall Mead School</p> <p>Marlborough Gardens</p> <p>Upminster</p> <p>Essex</p> <p>RM14 1SF</p>
Company reg. no.	07702119

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Reference and Administrative Details

Period from 12 July 2011 to 31 August 2012

Auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Boundary House 4 County Place Chelmsford Essex CM2 0RE
Bankers	Lloyds TSB Bank plc 1-3 Market Place Romford Essex RM1 3AA
Solicitors	Winckworth Sherwood Minerva House 5 Montague London SE1 9BB

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Governors' Annual Report

Period from 12 July 2011 to 31 August 2012

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period 12 July 2011 to 31 August 2012. The Charitable Company is known as Hall Mead School and is referred to herein as the Charitable Company, Hall Mead School or the Academy.

The financial statements have been prepared in accordance with the accounting policies of the attached financial statements, and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005), as amended.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (registration number 07702119) and an exempt charity. As an exempt charity, it is not required to be registered with the Charities Commission and instead is regulated by the Education Funding Agency on behalf of the Department of Education. (The Education Funding Agency is an executive agency of the Department of Education and replaced the Young People's Learning Agency in undertaking the regulatory role on 1 April 2012). The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy. Members of the Charitable Company are nominated by the Secretary of State for Education. The Articles of Association require the members of the Charitable Company to appoint at least 3 Governors to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the 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

The Governors are directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charities legislation and as such are responsible for all aspects of the operations of the Academy. Further details of the responsibilities of Governors are given in the sections below.

The Governors who were in office at 31 August 2012 and served throughout the period, except where shown, are included in the Reference and Administrative Details pages. The Governing Body typically comprises up to 9 community governors, 6 parent governors, 3 staff governors and the Headteacher. Except for the Headteacher, Governors are appointed to serve for a period of four years, subject to remaining eligible within the class of governor of their appointment, but are eligible for re-election.

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The Governing Body has not formally adopted a governance code but adheres to the Seven Principles of Public Life set out by the Nolan Committee. It has also set out a Scheme of Delegations, a Code of Conduct and Financial Regulations to codify various matters for the better operation of the Academy's business and within which it expressly reserves specified significant matters for its sole decision. The Governing Body meets regularly and has established a number of committees to which the Governing Body has delegated certain responsibilities under formal Terms of Reference. The Governing Body meetings are attended by representatives of the Senior Leadership Team.

The Governing Body meets at least six times per year and most of its committees meet no less than three times per year. The meetings held during the year and the current individual members of each are detailed below.

	Governing body	Curriculum Committee	Finance Committee	Premises, Health & Safety Committee	Governor Effectiveness Committee	Pay Policy Committee	Pupils & Personnel	Headteachers Performance
John McKernan (Chair)	x		x	x		x	x	x
David Forster (Vice chair)	x	x		x		x		x
Glen Adams	x		x					
Colin Arthey	x							
Caroline Brennan	x						x	
Malcolm Evans	x		x				x	
Emma Field	x							
Scott Lister	x				x	x	x	
Stephen Roome	x			x		x		x
David Harries	x	x	x		x		x	
Steve Downham	x	x	x					
Andy Emanuel	x		x			x		
Sarah Simon	x							
Keith Stewart	x							
Karen Townsend	x	x			x			
Jemma Dockrill	x		x					
Margaret Drew	x			x				
Victoria Hallett	x	x			x			
Simon London	x	x	x	x		x	x	

Membership of committees is reviewed and determined annually. Committee appointments may involve non-Governing body members, but the attendance of those Committee members who are not Governors is not detailed in the table above for reasons of brevity.

A brief overview of the Constitution and responsibilities of the seven principal committees of the Governing Body is given below. Other panels and working groups are formed as considered appropriate to deal with particular issues as they arise.

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Curriculum, Learning and Teaching Committee

The Curriculum Learning and Teaching Committee consists of seven members. It meets at least four times per year and reviews and monitors the school's curriculum needs and the quality of teaching and learning. The Committee takes a strategic overview of the curriculum to ensure it reflects and reinforces the Academy's aims and values and meets the needs of the individual pupils and the locality within the framework set by Government, Sets and monitors targets for attainment across the curriculum including progress, and approves Academy policies that support the delivery of the curriculum.

Finance Committee

The Finance Committee consists of eight members and also meets at least four times per year. It monitors Academy accounting policies, considers financial, funding and capital investment issues, reviews the budget and management accounts. It oversees the strategic financial planning of the Academy, Oversees the effective and efficient financial management of the Academy, and provides guidance and assistance to the Headteacher and the Governors in all matters relating to budgeting and finance.

Premises, Health and safety Committee

This Committee consists of five members and meets at least six times per year. It considers all matters connected with the Academy's premises and all health & safety issues relating to visitors, staff and pupils.

Governor effectiveness Committee

This Committee consists of six members and meets at least four times per year. The Committee is responsible for ensuring the organisation and operations of the Governing body, its committees and the Governors themselves are efficient and effective.

Pay policy Committee

This Committee consists of six Governors and meets annually. It reviews Academy pay policy and determines pay progression.

Pupils & personnel Committee

This Committee currently consists of seven members and meets at least three times per year. It oversees the effective staffing of the Academy, supports and monitors the performance, continuous professional development and well being of all staff, the contribution the pupils make to the Academy and wider community, and the well being and behaviour of pupils.

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Headteacher Performance Committee

This Committee currently comprises three members and conducts the Headteacher's annual appraisal and pay review

In addition to Governors, members of the Senior Leadership Team and other advisors will attend Committee meetings as necessary. The Governing Body as a whole also meets annually with the Senior Leadership Team to undertake an operating review and receive training covering governor responsibilities.

The recruitment and appointment of governors is undertaken in such a way as to ensure the Governing Body has the balance of skills, knowledge and experience it considers necessary. Parent governors are subject to election by the parents of pupils and staff governors are subject to election by employees of the Academy. The Governing Body also considers succession planning from time to time.

As there are normally only two or three new governors each year, induction tends to be done informally and is tailored specifically to the individual, although all are allocated a mentor from amongst the other Governors. The training provided for new Governors depends upon their own existing experience although all Governors have access to web-based and traditional training provided by Havering Local Authority for all schools in the area. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Governors are given a tour of the Academy and a chance to meet staff and students. All Governors have access to copies of policies, procedures, minutes, accounts, budget, plans and other documents they may require to undertake their role as Governors.

The Articles of Association include provisions for the indemnification of Governors in respect of certain of their actions in connection with the Academy, and the Academy has in place Governors and Officers insurance for the benefit of Governors and other officers of the Academy.

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OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the Charitable Company is the operation and development of Hall Mead School to provide education for pupils of different abilities between the ages of 11 and 16 offering a broad and balanced curriculum. The Academy is recognised as a Leading Edge Specialist Academy with two specialisms in technology and languages by the Specialist Schools and Academies Trust.

In setting the objectives and planning our activities, the Governors, as Trustees, have given careful consideration to the Charity Commission's guidance on public benefit.

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

- the education of young people between the ages of 11 - 16,
- enable the development of successful learners, confident individuals and responsible citizens,
- to raise the standards of educational achievement of all pupils,
- to raise aspirations and broaden the horizons of all pupils in the Academy,
- to support the employees of the Academy to enable them to achieve the stretching goals set for attainment and progress of students,
- to ensure the structure and organisation of the Academy remains fit for purpose.

Strategies and activities

The Academy's main strategy is encompassed in its mission statement "Traditional values future thinking". To this end the activities include:

- appropriate learning opportunities for all students to enable them to achieve their best,
- training opportunities for all staff,
- a pastoral system that supports the ethos of the school,
- support for students' progression to the next phase of their learning.

Public Benefit

The Charitable Company's aims are set out in this report. The Governors have complied with their duty under section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and the Governors have paid due regard to this guidance in deciding what activities the Charitable Company should undertake.

Equal Opportunity Policy

The Governors recognise that equal opportunities should be an integral part of the good practice within the workplace. The Academy aims to establish 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.

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Disabled persons

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

ACHIEVEMENTS AND PERFORMANCE

The Academy has just completed its first period of operation and has set strategic goals related to achievement, progress, engagement, destinations and its provision. These goals have been closely monitored by the Governing Body.

Total students in the year ended 31 August 2012 numbered 962 and the Academy has a full complement in all year groups. The Academy admitted 192 students in 2011 from an application of in excess of 900 year 6 students.

Examination Results 2011

We take enormous pride in our long history of academic excellence. Hall Mead School has been officially designated as a High Performing Specialist School because of its high attainment over the last 4 years. In 2011, the Academy was once again awarded for its high performance at GCSE by The Specialist Schools and Academies Trust. Its high levels of achievement were again recognised in 2012 with its re-designation as a Leading Edge Academy. Hall Mead performs highly in the full range of achievement measures from progress measures like 'value added' to attainment measures such as 'The English Baccalaureate', without reliance upon the less valued GCSE equivalencies.

Percentage achieving 5+ A*-C GCSEs (or equivalent) including English and Maths GCSEs 72%
(National figure for all maintained schools 58.2%)

Percentage achieving all English Baccalaureate subjects 39%
(National figure for all maintained schools 15.4%)

Percentage entered all English Baccalaureate subjects 61%
(National figure for all maintained schools 21.6%)

Average point score per pupil (best 8) - all qualifications 363.4
(National figure for all maintained schools 343.4)

Best 8 subjects Value Added 1007.6

Key performance indicators

The Governing Body continues to use both financial and non financial key performance indicators to manage the Academy. The Academy maintains a strong management information function which is focussed on regular and accurate reporting. Financial KPIs are measured continuously, and the Academy was successful in delivering its financial surplus in the period.

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RESPONSIBILITIES OF THE GOVERNORS IN CONNECTION WITH THESE FINANCIAL STATEMENTS

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

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

The Governing Body are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Charitable Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Body are responsible for the maintenance and integrity of the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

As required by Section 418(2) Companies Act 2006, the Governors confirm that so far as they are aware

- there is no relevant audit information of which the Charitable Company's auditors are unaware and
- they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information

Principal Activities

The principal object and activity of the Charitable Company is the operation and development of the Hall Mead School to provide education for pupils of different abilities between the ages of 11 and 16 offering a broad and balanced curriculum. The Academy is recognised as a Leading Edge Specialist Academy in Technology and Languages by the Specialist Schools and Academies Trust.

In accordance with the Articles of Association the Charitable Company has adopted a scheme of Government approved by the Secretary of State of the Department of 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 comply with the substance of the national curriculum with an emphasis on languages and science and technology and their applications.

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Organisational Structure

The Academy's management structure consists of Governors, Senior Leadership Team and Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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 strategy and direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team comprises the Headteacher, two Deputy Headteachers, two Senior Assistant Headteachers, an Assistant Headteacher and a Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governing Body and reporting back to them. As a group, the Senior Leadership Team are responsible for authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for senior staff will always involve a Governor. Some spending control is devolved to members of the management team, within limits, above which the Senior Leadership Team must countersign.

The management team includes ten Directors of Faculty. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Connected organisations

The Academy is part of the Upminster Learning Trust which supports the Academy in its learning vision and pursues the twin themes of "Raising aspirations, broadening horizons". Trust partners include University of East London, West Ham United FC, the maxillo-facial department of Queen's Hospital Romford, St Francis Hospice, Parents of Autistic Children Together, Corbets Tey School and other primary schools.

The Academy also works in partnership with Havering Sixth Form College and Havering College of Further & Higher Education, to which many of the Academy's pupils transfer on completing their education.

The Academy is the Lead Academy in a Memorandum of Understanding with The Albany School and Redden Court School.

Risk Management

The Governors, together with the Senior Leadership Team, have assessed the major risks to which the Academy is exposed, in particular relating to specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors consider that various systems are in existence to assess risks that the school faces. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

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Statement on the system of internal financial control

The Governors acknowledge that they have overall responsibility for ensuring the Hall Mead School has an effective and appropriate system of control, financial and otherwise. The Governors are also responsible for keeping proper books and accounting records which disclose, with reasonable accuracy at any time, the financial position of the Academy and enable the Governing Body to ensure the financial statements comply with the Companies Act 2006. They also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities and to provide reasonable assurance that

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

The Governing Body have delegated the day-to-day responsibility of running the Academy 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 Hall Mead School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weakness or breakdowns in internal control.

The Academy's systems of internal financial control are 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 they include

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing body,
- regular reviews by the Finance Committee of reports which indicate financial performance against 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 identification and management of risks

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In addition, to the extent not already achieved, the Governors have or are seeking to set policies on internal controls which cover the following

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

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Stephen Roome, a Governor, as Responsible Officer (RO). The RO role includes performing a range of checks of the Academy's financial systems. The RO reports regularly to the Governing Body in connection with the results of these checks and makes his recommendations. In the period under review, no material control issues have been uncovered as a consequence of the RO's work.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

Review of Effectiveness

As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the systems of internal control. During the period 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, and
- the work of the Senior Leadership Team who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer found nothing to indicate any material failures or weakness from the work undertaken in the period on the effectiveness of systems of internal control.

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FINANCIAL REVIEW

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. Those grants received from the Education Funding Agency (EFA) during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy has also been in receipt of capital grants from the EFA through the bid process for the Academies capital maintenance fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2012, total expenditure of £7,539,939 was more than 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 £345,413.

At 31 August 2012 the net book value of fixed assets was £14,313,905 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Upon Academy conversion, a number of assets have been recognised as gifted to the Academy. These include fixed assets of £14,537,211 and unspent delegated budget upon closure of the Local Authority School of £175,179.

In accordance with FRS17, the Academy received an actuarial assessment of its Local Government Pension Scheme (LGPS), but not its Teachers Pension Scheme (TPS) pension scheme deficit. The LGPS deficit balance is included within the Balance Sheet as at 31 August 2012 and supporting notes to the accounts (see note 17). The TPS is not included within the Balance Sheet for the reason explained in note 1 of the financial statements.

Principal Risks and Uncertainties

As detailed the Governors have a comprehensive risk management process to identify and monitor the risks faced by the Academy. The key areas identified are strategic and reputational, operational, compliance, financial, demographic and asset management. The principal risks and uncertainties are centred around changes in the level of funding from the EFA, in light of the forthcoming Funding Review and its implications. In addition, the Academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy Balance Sheet and the Teachers Pension Scheme (TPS), not recognised on the Academy's Balance Sheet and discussed in note 1.

Reserves

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 reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amounts held in fixed assets and restricted funds) is £54,492. The Academy intends to continue to build up its free reserves to a more adequate level.

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Financial position and Going concern

The Academy held fund balances at 31 August 2012 of £13,699,105 comprising £14,669,613 of restricted funds and £54,492 of unrestricted general funds and a LGPS pension reserve deficit of £1,025,000

After making appropriate enquiries and considering the Academy's seven year funding agreement with the Secretary of State for Education, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it has adopted the going concern basis in preparing these financial statements.

Plans for Future Periods

At the annual 2012 October Conference, the Governors and Senior Leadership Team undertook the following analyses

- An evaluation of its Operating Plan;
- An evaluation of the 2012 GCSE results, including an examination of the impact of the controversy surrounding the English results,
- An assessment of the changing demographics of Havering with its falling local rolls and increased mobility,
- A summary of the Academy's readiness to fulfil the requirements of the educational policies of the coalition,
- An evaluation of the latest stakeholder responses, 3 recent external consultancy visits, internal reviews and book checks

Key aspects determined to be addressed as a result of this were

- Changing teachers' habits in order to meet the Academy's 'Learning Challenge',
- Facilitating the sharing and dissemination of best practice in teaching and learning whilst also addressing any weaknesses effectively,
- Delivering Special Education Needs provision in the light of the impending system reform,
- Meeting the needs of a pupil intake which has an increasingly widening ability spectrum,
- Better 'narrowing the gap' for our Pupil Premium children,
- Meeting the challenges presented by the proposed and current qualification reforms,
- Determining whether our admissions policy is still fit for purpose,
- Aligning our infrastructure strategy with our focus on improving pupil outcomes,
- Ensuring our plans are financially viable in the light of reducing funding and changes to funding methodology

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The resulting Operating Plan, which was formulated to address these aspects, is guided by some broad themes which bind our vision together, these being

- Coaching,
- Curriculum reform,
- Literacy,
- Classroom practice,
- Pupil ability,
- Value for money,
- Admissions criteria
- Leadership

With a common thread of creating a bespoke approach for each of these aspects according to the needs of key groups and/or individuals, so as to ensure maximum impact and sustainable change, supported by clearly defined links to staff appraisal

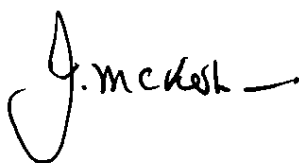
Auditors

In so far as the Governors are aware

- there is no relevant audit information of which the Charitable Company's auditors are 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 auditors, MHA MacIntyre Hudson , are willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting

This report was approved and authorised for issue by the Governors on 13th December 2012 and signed on its behalf by



**Mr J McKernan
Chairman**

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Governance Statement

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As Governors, we acknowledge we have overall responsibility for ensuring that the Academy has effective and appropriate systems of control, financial and otherwise. However such systems are 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 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 The Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing body was as follows:

Governor	Meetings attended	Out of a possible
Glen Adams	2	3
Colin Arthey	2	2
Caroline Brennan	5	6
Jemma Dockrill	5	6
Steve Downham	6	6
Margaret Drew	6	6
Andy Emanuel	6	6
Malcolm Evans	5	6
Emma Field	3	6
David Forster	6	6
Victoria Hallett	2	2
David Harries	4	6
Scott Lister	4	6
Simon London	5	6
John McKernan	5	6
Christain Pickering	3	3
Stephen Roome	5	6
Sarah Simon	2	3
Keith Stewart	3	3
Karen Townsend	5	6

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Governance Statement

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The Finance Committee is a sub-committee of the main Governing Body, details of which are given within the Governors' Annual Report. The following are committee members

Malcolm Evans (Chair)
Steven Downham (Vice- Chair)
Glen Adams
Jemma Dockrill
Andy Emanuel
David Harries
Simon London
John McKernan

The Purpose of the System of Internal Control

The systems of internal control are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, they can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on an on-going 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 systems of internal control have been in place in for the period ended 31 August 2012 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 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's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance 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 identification and management of risks

Hall Mead School Company Limited by Guarantee

Governance Statement

Period from 12 July 2011 to 31 August 2012

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Stephen Roome, 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 Governing body on the operation of the systems of control and on the discharge of the Governing body's financial responsibilities.


Review of Effectiveness

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

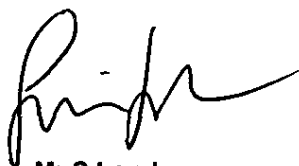
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control, by the Finance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 13 December 2012 and signed on its behalf by



**Mr J McKernan
Chairman**



**Mr S London
Accounting Officer**

Hall Mead School Company Limited by Guarantee

Statement on Regularity, Propriety and Compliance

Period from 12 July 2011 to 31 August 2012

As Accounting Officer of Hall Mead School I have considered my responsibility to notify the Academy 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 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 Governing Body 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 no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**Mr S London
Accounting Officer**

Hall Mead School Company Limited by Guarantee

Statement of Governors' Responsibilities

Period from 12 July 2011 to 31 August 2012

The Governors (who are the directors of Hall Mead School for the purposes of company law) are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulation

Company law requires the Governors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Charitable Company and the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for the period. In preparing these financial statements, the Governors are required to

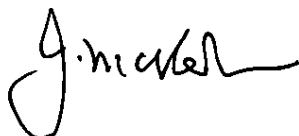
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation

The Governors are responsible for keeping adequate accounting records that 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 detection and prevention 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 EFADfE 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 and Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

This report was approved by order of the Governing Body on 13 December 2012 and signed on its behalf by,



Mr J McKernan
Chairman

Hall Mead School Company Limited by Guarantee

Independent auditors' report to the Members of Hall Mead School

Period from 12 July 2011 to 31 August 2012

We have audited the financial statements of Hall Mead School for the period ended 31 August 2012, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditors' 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 opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Responsibilities Statement of the Governors, the Governors (who are also the Directors of Hall Mead School for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Charitable Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Hall Mead School Company Limited by Guarantee

Independent auditors' report to the Members of Hall Mead School

Period from 12 July 2011 to 31 August 2012

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report

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
- we have not received all of the information and explanations we require for our audit, or
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Governors Annual report



James Gare ACA DChA (Senior Statutory Auditor)
For and on behalf of
MHA Macintyre Hudson
Chartered Accountants & Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

20/12/12

Hall Mead School Company Limited by Guarantee

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

Period from 12 July 2011 to 31 August 2012

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hall Mead School, during the period from 12 July 2011 to 31 August 2012 has 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 Hall Mead School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hall Mead School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hall Mead School and the EFA, for our work, for this report, or for the conclusion we have formed

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

The Accounting Officer is responsible, under the requirements of Hall Mead School's funding agreement with the Secretary of State for Education, dated 1 August 2011, and the Academies Financial Handbook, as published by the DfE in 2006, 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 2011/12. 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 12 July 2011 to 31 August 2012, have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Basis of opinion

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 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's income and expenditure

**Hall Mead School
Company Limited by Guarantee**

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

Period from 12 July 2011 to 31 August 2012

Opinion on financial statements

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 from 12 July 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

20/12/12.

Hall Mead School Company Limited by Guarantee

Statement of Financial Activities (Incorporating the Income and Expenditure Account & Statement of Total Realised Gains and Losses)

Period from 12 July 2011 to 31 August 2012

	Note	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
Incoming resources from generated funds						
Voluntary income	3	29,996	-	175,179	14,592,634	14,797,809
Investment income		1,733	-	-	-	1,733
Incoming resources from charitable activities						
Funding for the Academy's educational operations	4	-	-	6,066,341	20,301	6,086,642
Other income from educational operations	5	52,392	-	559,468	-	611,860
Total incoming resources		84,121	-	6,800,988	14,612,935	21,498,044
Resources expended						
Charitable activities						
Academy's educational operations	7	29,629	7,000	6,453,688	234,243	6,724,560
Governance costs	8	-	-	56,379	-	56,379
Pension scheme liability transferred	17	-	759,000	-	-	759,000
Total resources expended		29,629	766,000	6,510,067	234,243	7,539,939
Net income/(expenditure) before transfer		54,492	(766,000)	290,921	14,378,692	13,958,105
Transfer between funds	15	-	-	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		54,492	(766,000)	290,921	14,378,692	13,958,105
Other recognised						
Actuarial losses on defined benefit pension schemes	17	-	(259,000)	-	-	(259,000)
Net movement in funds		54,492	(1,025,000)	290,921	14,378,692	13,699,105
Total funds carried funds		54,492	(1,025,000)	290,921	14,378,692	13,699,105

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

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

The accounting policies and notes on pages 27 to 42 form part of these financial statements

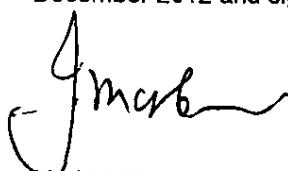
Hall Mead School Company Limited by Guarantee

Balance Sheet

31 August 2012

	Notes	£	2012 £
Fixed assets			
Tangible assets	12		14,313,905
Current assets			
Debtors	13	43,396	
Cash at bank and in hand		709,522	
		<u>752,918</u>	
Creditors: amounts falling due within one year	14	(342,718)	
Net current assets			<u>410,200</u>
Total assets less current liabilities			<u>14,724,105</u>
Pension scheme liability	17	(1,025,000)	
Net assets including pension liability			<u><u>13,699,105</u></u>
Funds	15		
Restricted funds			
Fixed asset fund		14,378,692	
General fund		290,921	
Pension fund	17	<u>(1,025,000)</u>	
			13,644,613
Unrestricted funds			
General reserve			54,492
			<u><u>13,699,105</u></u>

The financial statements have been approved, and authorised for issue, by the Governing Body on 13 December 2012 and signed on their behalf by



Mr J McKernan
Chairman

Company Registration Number 07702119

The accounting policies and notes on pages 27 to 42 form part of these financial statements

Hall Mead School Company Limited by Guarantee

Cash Flow Statement

Period from 12 July 2011 to 31 August 2012

	Note	£	2012 £
Net cash inflow from operating activities	21		718,726
Returns on investment and servicing of finance			
Bank interest receivable	22	<u>1,733</u>	
Net cash inflow from returns on investments and servicing of finance			1,733
Capital expenditure	23		(10,937)
Net increase in cash			<u>709,522</u>

All of the cash flows are derived from acquisitions in the current financial period

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

1. Accounting policies

Basis of preparation of financial statements

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

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Hall Mead School to an academy trust have been valued at their depreciated replacement cost value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their depreciated market cost value is in accordance with the accounting policies set out for Hall Mead School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 18.

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.

Incoming resources

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

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

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy 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 on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Land and Buildings	-	50 years
Motor Vehicles	-	10 years
Computer equipment	-	3 years
Fixtures and fittings	-	5 years

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

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.

Finance and operating leases

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

Taxation

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

Pension costs

Retirement benefits to employees of the Academy 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.

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 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 quadrennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi employer scheme and the Academy 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 in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

2. General Annual Grant (GAG)

a. Results and Carry Forward for the Year

	2012 £
GAG allocation for current year	5,495,962
Recurrent expenditure from GAG	(5,495,962)
Fixed assets purchased from GAG	-
GAG carried forward to next year	-

Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)

(659,515)

GAG to surrender to DfE

(12% rule breached if result is positive)

(659,515)

No Breach

b. Use of GAG brought forward from previous year for recurrent purposes

Note not applicable as first period of Academy operation

3. Voluntary income

	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
Donations	25,692	-	-	-	25,692
Parental contributions	4,304	-	-	-	4,304
Transfer from Local Authority on conversion (see Note 18)	-	-	175,179	14,592,634	14,767,813
	29,996	-	175,179	14,592,634	14,797,809

4. Funding for Academy's educational operations

	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
EFA/ YPLA revenue grants					
General Annual Grant (GAG) (note 2)	-	-	5,495,962	-	5,495,962
Start Up grants	-	-	24,835	-	24,835
Other EFA grants	-	-	27,321	-	27,321
	-	-	5,548,118	-	5,548,118
Other Government grants	-	-	518,223	20,301	538,524
	-	-	6,066,341	20,301	6,086,642

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

5 Other income from educational operations

	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
School trip income	-	-	94,762	-	94,762
Lettings income	14,053	-	-	-	14,053
Facilities and services income	19,153	-	179,412	-	198,565
Grant income from other agencies	-	-	285,294	-	285,294
Music tuition	19,186	-	-	-	19,186
	<u>52,392</u>	<u>-</u>	<u>559,468</u>	<u>-</u>	<u>611,860</u>

6. Resources expended

	Staff Costs £	Non Pay Premises £	Expenditure Other £	Total £
Direct costs	4,615,556	-	563,202	5,178,758
Allocated support costs	734,876	196,785	614,141	1,545,802
	<u>5,350,432</u>	<u>196,785</u>	<u>1,177,343</u>	<u>6,724,560</u>
Governance	-	-	56,379	56,379
	<u>5,350,432</u>	<u>196,785</u>	<u>1,233,722</u>	<u>6,780,939</u>

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

7. Academy's educational operations

	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
Teaching and educational support	-	-	4,615,556	-	4,615,556
Educational supplies	19,186	-	415,895	-	435,081
Examination fees	-	-	79,287	-	79,287
Staff development	-	-	48,834	-	48,834
	<u>19,186</u>	<u>-</u>	<u>5,159,572</u>	<u>-</u>	<u>5,178,758</u>
Support staff costs	-	(24,000)	758,876	-	734,876
Depreciation	-	-	-	234,243	234,243
Recruitment and support	-	-	630	-	630
Maintenance of premises and equipment	-	-	96,754	-	96,754
Cleaning and caretaking	-	-	22,817	-	22,817
Rent, rates and utilities	-	-	77,214	-	77,214
Security and transport	-	-	4,024	-	4,024
Catering	-	-	20,934	-	20,934
Bank interest and charges	28	31,000	-	-	31,028
Information and communication technology	-	-	127,756	-	127,756
Other support costs	10,415	-	185,111	-	195,526
	<u>10,443</u>	<u>7,000</u>	<u>1,294,116</u>	<u>234,243</u>	<u>1,545,802</u>
	<u>29,629</u>	<u>7,000</u>	<u>6,453,688</u>	<u>234,243</u>	<u>6,724,560</u>

Resources expended include

	2012 £
Auditors' remuneration	
Audit fee	8,250
Depreciation - on owned assets	234,243
	<u>242,493</u>

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

8. Governance costs

	Restricted General Funds 2012 £	Total Funds 2012 £
Auditors' remuneration		
Audit of financial statements	8,250	8,250
Legal fees	40,929	40,929
Audit services to schools	4,829	4,829
Governing Body support costs	2,371	2,371
	<u>56,379</u>	<u>56,379</u>

9. Staff numbers and costs

	2012 £
Wages and salaries	4,344,180
Social security costs	324,763
Pension costs	<u>563,979</u>
	<u>5,232,922</u>
Supply teacher costs	<u>117,510</u>
	<u>5,350,432</u>

The average number of persons (including Senior Leadership Team) employed by the Academy during the year expressed as full time equivalents was as follows

	Number
Charitable Activities	
Teachers	62
Administration and support	52
Management	<u>6</u>
	<u>120</u>

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

	Number
£60,001 - £70,000	1
£70,001 - £80,000	3
£80,001 - £90,000	-
£90,001 - £100,000	<u>1</u>
	<u>5</u>

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £57,000

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

10. Governors' remuneration and expenses

The Headteacher and staff Governors only receive remuneration 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 from the Academy in respect of their role as Governors. The value of the Headteacher's remuneration was £94,000 in 2012. The value of staff Governor's remuneration was £101,000.

During the period ended 31 August 2012, no travel and subsistence expenses were reimbursed to Governors. No other expenses were paid to Governors for the period to 31 August 2012.

There have been no other related party transactions during the period.

11. 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 £1,000,000 on any one claim and the cost for the period was £759.

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

12 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Computer equipment £	Vehicles £	Total £
Cost					
Transfer on conversion	14,425,000	56,411	27,800	28,000	14,537,211
Additions	-	550	10,387	-	10,937
At 31 August 2012	14,425,000	56,961	38,187	28,000	14,548,148
Depreciation					
Charge for the period	170,625	38,975	19,285	5,358	234,243
At 31 August 2012	170,625	38,975	19,285	5,358	234,243
Net book value					
At 31 August 2012	14,254,375	17,986	18,902	22,642	14,313,905

13 Debtors

	2012 £
Due within one year	
Trade debtors	393
Sundry debtors	17,398
VAT repayment due	13,516
Accrued income	12,089
	43,396

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Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

14. Creditors: amounts falling due within one year

	2012 £
Taxation and social security	165,311
Accruals	19,331
Deferred income	158,076
	<u>342,718</u>
<u>Deferred income</u>	
Amount deferred in the year	158,076
Balance at 31 August 2012	<u>158,076</u>

At the balance sheet date the Academy was holding funds received in advance for the 2012/13 financial year

15. Statement of Funds

	Incoming Resources £	Resources Expended £	Gains and losses £	Transfer £	Balance at 31 Aug 12 £
General Restricted funds					
General Annual Grant (GAG)	5,495,962	(5,495,962)	-	-	-
Start up grant	24,835	(24,835)	-	-	-
Other DfE/EFA grants	1,010,250	(719,329)	-	-	290,921
Other restricted	269,941	(269,941)	-	-	-
	<u>6,800,988</u>	<u>(6,510,067)</u>	<u>-</u>	<u>-</u>	<u>290,921</u>
Restricted fixed asset					
DfE/EFA capital grants	75,724	-	-	(10,937)	64,787
Other restricted	14,537,211	(234,243)	-	10,937	14,313,905
	<u>14,612,935</u>	<u>(234,243)</u>	<u>-</u>	<u>-</u>	<u>14,378,692</u>
Restricted pension fund					
Pension fund	-	(766,000)	(259,000)	-	(1,025,000)
	<u>-</u>	<u>(766,000)</u>	<u>(259,000)</u>	<u>-</u>	<u>(1,025,000)</u>
Total restricted funds	<u>21,413,923</u>	<u>(7,510,310)</u>	<u>(259,000)</u>	<u>-</u>	<u>13,644,613</u>
Unrestricted funds General reserve	<u>84,121</u>	<u>(29,629)</u>	<u>-</u>	<u>-</u>	<u>54,492</u>
Total unrestricted funds	<u>84,121</u>	<u>(29,629)</u>	<u>-</u>	<u>-</u>	<u>54,492</u>
Total funds	<u>21,498,044</u>	<u>(7,539,939)</u>	<u>-</u>	<u>-</u>	<u>13,699,105</u>

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

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

Restricted general funds and other restricted funds

These grants relate to the Academy's development and operational activities

Restricted fixed asset fund

These grants relate to capital funding to carry out works of a capital nature

Unrestricted reserve

These funds relate to unrestricted income to be used to support the Academy's objectives and educational activities

16. Analysis of net assets between funds

	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
Tangible fixed assets	-	-	-	14,313,905	14,313,905
Net current assets	54,492	-	290,921	64,787	410,200
Pension liability	-	(1,025,000)	-	-	(1,025,000)
	<u>54,492</u>	<u>(1,025,000)</u>	<u>290,921</u>	<u>14,378,692</u>	<u>13,699,105</u>

17 Pension and similar obligations

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff Both are defined-benefit schemes

As described in note 18 the LGPS obligation relates to the non teaching employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date

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

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

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. 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 teachers and lecturers are employed by various bodies, their 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' Pension Budgeting and Valuation ("the 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 (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' Pension 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.

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.

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Period from 12 July 2011 to 31 August 2012

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

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.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's full time equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multiemployer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £252,000, of which employer's contributions totalled £198,000 and employees' contributions totalled £54,000. The agreed contribution rates for future years are 23.9% for employers and employees' contributions are dependent on the level of their full time equivalent salary ranging from 5.5% to 10.0%.

Principal Actuarial Assumptions

	2012 %
Rate of increase in salaries	4.0
Expected return on assets	4.8
Discount rate for scheme liabilities	4.1
Inflation assumption(Consumer Prices Index)	2.2

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Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

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

	2012
Retiring today	
Males	21.9
Females	24.6
Retiring in 20 years	
Males	23.8
Females	26.5

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were:

	Expected Return at 2012 %	Value of assets £
Equities	5.5	758,000
Bonds	3.4	314,000
Property	3.7	70,000
Other	2.8	23,000
Total fair value of assets		<u>1,165,000</u>
Present fair value of funded benefit obligations		<u>(2,190,000)</u>
Deficit in the scheme		<u>(1,025,000)</u>

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

Amounts recognised in the statement of financial activities 2012 £

Current service cost (net of employee contribution)	<u>174,000</u>
Total operating charge	<u>174,000</u>

Analysis of pension finance income / (costs)

Expected return on assets	67,000
Interest on pension liabilities	<u>(98,000)</u>
Pension finance costs	<u>(31,000)</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £259,000.

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

Movements in the present value of defined benefit obligations 2012 £

Benefit obligation at beginning of period	1,629,000
Current service costs	174,000
Interest on pension liabilities	98,000
Member contributions	54,000
Actuarial losses/(gains)	235,000
At 31 August 2012	<u>2,190,000</u>

Movements in the fair value of the Academy's share of scheme assets 2012 £

Fair value of scheme assets at beginning of period	870,000
Expected return on plan assets	67,000
Actuarial (losses)/gains	(24,000)
Employer contributions	198,000
Member contributions	54,000
At 31 August 2012	<u>1,165,000</u>

Reconciliation of opening and closing deficit 2012 £

Pension scheme liability transferred	(759,000)
Current service costs (net of employee contributions)	(174,000)
Employer contributions	198,000
Other finance income	(31,000)
Actuarial (losses)	(259,000)
At 31 August 2012	<u>(1,025,000)</u>

Amounts for the current and previous periods are as follows

	2012 £
Funded benefit obligation	(2,190,000)
Scheme assets	1,165,000
Deficit	<u>(1,025,000)</u>
Experience adjustment on Scheme assets	(24,000)
Experience adjustment on Scheme liabilities	<u>(235,000)</u>

Hall Mead School

Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

18. Conversion to an Academy Trust

On 12 July 2011 Hall Mead School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred from the London Borough of Havering Local Authority for £nil consideration. The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted Funds 2012 £	Restricted Pension Funds 2012 £	Restricted General Funds 2012 £	Restricted Fixed Asset Funds 2012 £	Total Funds 2012 £
Tangible Fixed Assets					
Land and buildings	-	-	-	14,425,000	14,425,000
Other fixed assets	-	-	-	112,211	112,211
Budget surplus/(deficit) on LA funds	-	-	175,179	55,423	230,602
Budget surplus/(deficit) on other school funds	-	-	-	-	-
LGPS pension surplus/(deficit)	-	(759,000)	-	-	(759,000)
Borrowing obligations	-	-	-	-	-
	<u>-</u>	<u>(759,000)</u>	<u>175,179</u>	<u>14,592,634</u>	<u>14,008,813</u>

The above net assets include £230,602 that were transferred as cash.

19. Ultimate controlling party

There is no ultimate controlling party.

20. Company limited by guarantee

The Academy is a company limited by guarantee and does not have share capital.

Hall Mead School Company Limited by Guarantee

Notes to the Financial Statements

Period from 12 July 2011 to 31 August 2012

21. Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

	2012 £
Operating surplus	13,958,105
Add back	
Fixed assets transferred on conversion	(14,537,211)
Pension liability transferred on conversion to an Academy	759,000
Income and expenditure in the period affecting the pension liability	7,000
Depreciation and amortisation	234,243
(Increase) in debtors	(43,396)
Increase in creditors	342,718
Less bank interest receivable	(1,733)
Net cash input from operations	718,726

22. Returns on investments and servicing of finance

	2012 £
Bank interest receivable	1,733

23. Capital expenditure

	2012 £
Purchase of tangible fixed assets	10,937

24. Analysis of changes in net funds

	12 Jul 11 £	Cash flows £	31 Aug 12 £
Cash at bank	-	709,522	709,522

25. 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 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 ceased to be a member