
HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

THURSDAY



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HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

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HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2013**

Governors

A Hurrell, Headteacher (appointed 13 August 2012)
C Bell (appointed 13 August 2012)
M White (appointed 13 August 2012)
W Smalley (appointed 13 August 2012)
S Bradley (appointed 13 August 2012)
R Houlby, Chair of Governors (appointed 13 August 2012)
K Marnoch (appointed 13 August 2012)
J Barker (appointed 13 August 2012)
J Mullen (appointed 13 August 2012)
D Osborne, Deputy Headteacher (appointed 13 August 2012)
D Guthrie (appointed 13 August 2012, resigned 31 May 2013)
D Pridgeon, Chair of Finance Committee (appointed 13 August 2012)
J Dobbin (appointed 1 June 2013)

Company registered number

08177181

Principal and registered office

Huttoft Primary School, Church Lane, Alford, Lincolnshire, LN13 9RE

Headteacher and accounting officer

A Hurrell

Independent auditors

Streets Audit LLP, Tower House, Lucy Tower Street, Lincoln, LN1 1XW

Bankers

Lloyds TSB, 24 Mercer Row, Louth, Lincolnshire, LN11 9JH

Senior Leadership Team

A Hurrell - Headteacher, D Osborne - Deputy Headteacher, S White - Business Manager

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Huttoft Primary School (Academy) (the academy) for the period ended 31 August 2013. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee with no share capital and an exempt charity. The academy was incorporated on 13 August 2012 in the name of Huttoft Primary School (Academy). The charitable company's memorandum and articles of association are the primary governing documents of the academy.

The Governors act as the trustees for the charitable activities of the academy and are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served throughout the period are included in the Reference and Administrative Details on Page 1.

b. 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 £1, for the debts and liabilities contracted before they ceased to be a member.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The articles of association of Huttoft Primary School (Academy) require the academy to

- Appoint an Accounting Officer
- Abide by the Academies Financial Handbook
- Approve the Annual Budget
- Prepare Accounts
- File and publish audited accounts
- Have a Charging Policy
- Have a mechanism to receive donations
- Formulate our grants can be spent

In addition the articles require the academy to set out the constitution including

- Objectives
- Powers
- Benefits to members and directors
- Membership and conduct of meetings
- Directors and conduct of meetings

In addition the Governors of the Academy may appoint additional Governors at their discretion.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

All Governors are provided with copies of the Academy's Code of Conduct, minutes, budget plans and other documents that they will need to undertake their role as Governors. In addition the members of the Finance Committee receive regular financial reports.

All Governors have access to a range of training programmes including e-learning.

e. ORGANISATIONAL STRUCTURE

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the Governors and the senior leadership team.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The academy is connected to the Huttoft Nursery which operates out of the academy's leasehold property and uses staff employed by the academy.

g. RISK MANAGEMENT

As Governors we acknowledge that we have overall responsibility for ensuring that Huttoft Primary School (Academy) has an effective and appropriate system of control, financial and otherwise. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, not absolute, assurance against material misstatement or loss.

The Governing Body has delegated the day to day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibility assigned to it in the Funding Agreement between Huttoft Primary School (Academy) and the Education Secretary. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

h. GOVERNORS' INDEMNITIES

Subject to the provisions of the Companies Act 2006, every governor or other officer or auditor of the academy shall be indemnified out of the assets of the academy against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment 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 academy.

i. PRINCIPAL ACTIVITIES

The academy is responsible for providing education to students aged 4 - 11. This includes establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The academy formally commenced operations on 1 October 2012.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Objectives and Activities

a OBJECTS AND AIMS

The vision of the school is to provide a high quality education for the children in our care. This vision will be achieved through the following aims:

- Teach each child to read and write
- Teach each child to read numbers in everyday circumstances
- Encourage each child to converse and clearly express his/her needs
- Encourage each child to become self confident. To this end, children's work will be valued and displayed
- Encourage politeness and a caring attitude throughout the school
- Develop whatever specific skills and abilities each child may possess to maximise their attainment
- Teach child to value the work and opinions of others
- Offer a happy, safe and secure environment in a family atmosphere
- Ensure that the children's transition to the secondary school is as smooth as possible
- Ensure that parents have the opportunity to see their children at work and discuss their individual progress with teachers
- Encourage, parents, governors and members of the community to participate fully in the life of the school
- Offer visitors to the school a friendly welcome

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the period ended 31 August 2013 are summarised below:

- Securing and maintaining consistently high standards of teaching and learning and achievement across the curriculum
- Improving the learning environment by enhancing and extending facilities to better support learning
- Deliver effective financial management and reporting

c. PUBLIC BENEFIT

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy's objectives and aims and in future planning activities for the year. Given the activities of the academy and the pupil population that it services, the Governors consider that the company's aims are demonstrably to the public benefit.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Achievements and performance

a. GOING CONCERN

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

b. REVIEW OF ACTIVITIES

During the first period of academy status the Governors carried out a review of the key financial controls, the key performance indicators and risk control processes that would be applied to future reporting and business monitoring and performance. The key performance indicators are designed not only financial and commercial risk but also staffing ratios, academic performance and risk ratios.

The academy directed successful interventions for specific groups and individual pupils, it exceeded targets at Level 5 in reading and in value added across Year 6 (Summer 2013). 11+ results were once again 25% above national average and the highest in the locality. Pupil Premium children at Summer 2013 were deemed to be successfully 'closing the gap' (Ofsted July 2013).

The top priority this year has been to reduce the salaries budget from 95% of the total budget towards 90% in the first instance – and to continue this down to 85% by Spring 2014. This situation has been reviewed regularly in finance meetings and in conjunction with the EFA.

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The academy aims to hold sufficient cash in reserve to enable it to support any financial issues that it may experience. Monthly financial reports enable any issues to be identified at an early stage. Despite the pension scheme being in deficit, it is not considered to impact on the academy.

b. PRINCIPAL RISKS AND UNCERTAINTIES

Detail is still awaited on future funding for the Trust for 2013 onwards. Pupil numbers are expected to at least remain stable and indeed increase by 4% for January 2014. The impact of national funding spending cuts and of redirecting funding into Pupil Premium for example may have an adverse effect on grant funding.

c. RESERVES POLICY

Subject to EFA's constraints on permitted balances, the academy's policy is to carry forward a prudent level of resources. Due to anticipated cuts in funding, the situation will be kept under review. The reserves of the academy are reviewed regularly and such as they are, considered to be sufficient for the academy's requirements.

The school fund is used to supplement and enrich our broad curriculum with visits out, visitors in, sporting and arts activities as the key areas. Any remaining budgetary funds are used to develop the curriculum resources in particular IT.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Plans for the future

a. FUTURE DEVELOPMENTS

The academy will continue to work to raise both the aspirations and outcomes of all its pupils at whatever age, closing gaps between the performances of different groups where this is needed, and ensuring they are able to proceed successfully to the next stage of their education. All our funds go to benefit our pupils.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information

This report was approved by order of the Governing Body on 19/12/13 and signed on its behalf by



R Houlby
Chair of Governors

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the 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 Huttoft Primary School (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 Governors' responsibilities statement. The Governing Body has formally met 8 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
A Hurrell, Headteacher	8	8
C Bell	6	8
M White	4	8
W Smalley	6	8
S Bradley	2	8
R Houlthby, Chair of Governors	5	8
K Marnoch	4	8
J Barker	6	8
J Mullen	7	8
D Osborne, Deputy Headteacher	8	8
D Guthrie	1	3
D Pridgeon, Chair of Finance Committee	6	8
J Dobbins	6	8

The Finance and General Purposes Committee is a sub-committee of the main Governing Body with delegated powers. Its key functions are finances, premises and staffing. J Barker, a qualified accountant, has been a key member of the committee. The major staffing issue for the year has been a safeguarding issue involving a member of staff.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
J Barker	5	6
D Pridgeon	3	6
C Bell	4	6
A Hurrell	6	6

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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GOVERNANCE STATEMENT (continued)

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 Huttoft Primary School (Academy) for the period 13 August 2012 to 31 August 2013 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 13 August 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 Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors are currently seeking a peer review system. This is being treated as a matter of urgency.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors,
- 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.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Governing Body on 19/12/13 and signed on their behalf, by



R Houlby
Chair of Governors



A Hurrell
Accounting Officer

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Huttoft Primary School (Academy) I have considered my responsibility to notify the academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

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 (2012)

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

I can confirm that I and the governing body are aware that a programme of independent checking of controls was not put in place during the year, as required by the Academies Financial Handbook (2012). This will be introduced in 2014



A Hurrell
Accounting Officer

19/12/13

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Governors (who act as governors of Huttoft Primary School (Academy) and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the 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 Governing Body on 14/12/13 and signed on its behalf by



R Houlby
Chair of Governors

HUTTOFT PRIMARY SCHOOL (ACADEMY)

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUTTOFT PRIMARY SCHOOL (ACADEMY)

We have audited the financial statements of Huttoft Primary School (Academy) for the period 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 applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy's Governors, 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 academy's Governors 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 academy and its Governors, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the academy 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 academy'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 Governors' report 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 academy's affairs as at 31 August 2013 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 prepared in accordance with the requirements of the Companies Act 2006 and 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.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUTTOFT PRIMARY SCHOOL (ACADEMY)

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



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Date

20/12/13

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HUTTOFT
PRIMARY SCHOOL (ACADEMY) AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 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 Huttoft Primary School (Academy) during the period 13 August 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 Huttoft Primary School (Academy) and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Huttoft Primary School (Academy) 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 Huttoft Primary School (Academy) and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF HUTTOFT PRIMARY SCHOOL (ACADEMY)'S ACCOUNTING
OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Huttoft Primary School (Academy)'s funding agreement with the Secretary of State for Education dated 7 September 2012, and the Academies Financial Handbook extant from 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 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 period 13 August 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's income and expenditure.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HUTTOFT
PRIMARY SCHOOL (ACADEMY) 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 period 13 August 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

We note, as discussed on page 10, that the academy has not introduced a programme for the independent checking of controls as required by the Academies Financial Handbook (2012)



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Date 20/12/13

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income - transfer on conversion	2	-	(175,393)	1,297,000	1,121,607
Investment income	3	48	-	-	48
Incoming resources from charitable activities	4	-	797,206	5,778	802,984
TOTAL INCOMING RESOURCES		48	621,813	1,302,778	1,924,639
RESOURCES EXPENDED					
Charitable activities	6,8	-	847,883	5,778	853,661
Governance costs	5	-	16,492	-	16,492
TOTAL RESOURCES EXPENDED	7	-	864,375	5,778	870,153
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		48	(242,562)	1,297,000	1,054,486
Transfers between Funds	17	(48)	48	-	-
NET INCOME FOR THE YEAR		-	(242,514)	1,297,000	1,054,486
Actuarial gains and losses on defined benefit pension schemes		-	(32,000)	-	(32,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		-	(274,514)	1,297,000	1,022,486
<i>Total funds at 13 August 2012</i>		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2013		-	(274,514)	1,297,000	1,022,486

All of the academy's activities derive from acquisitions in the current financial period

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

The notes on pages 19 to 37 form part of these financial statements

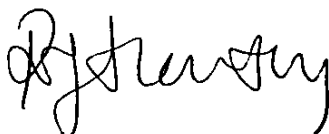
HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)
REGISTERED NUMBER: 08177181

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £
FIXED ASSETS			
Tangible assets	14		1,297,000
CURRENT ASSETS			
Debtors	15	35,289	
Cash at bank		34,262	
		<u>69,551</u>	
CREDITORS: amounts falling due within one year	16	<u>(209,065)</u>	
NET CURRENT LIABILITIES			<u>(139,514)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,157,486</u>
Defined benefit pension scheme liability	22		<u>(135,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>1,022,486</u></u>
FUNDS OF THE ACADEMY			
Restricted funds			
Restricted funds	17	(139,514)	
Restricted fixed asset funds	17	1,297,000	
		<u>1,157,486</u>	
Restricted funds excluding pension liability		1,157,486	
Pension reserve		<u>(135,000)</u>	
Total restricted funds			<u>1,022,486</u>
TOTAL FUNDS			<u><u>1,022,486</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 19/12/13 and are signed on their behalf, by

R Houlby
Chair of Governors



The notes on pages 19 to 37 form part of these financial statements

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	2013 £
Net cash flow from operating activities	19	28,436
Returns on investments and servicing of finance	20	48
Capital expenditure and financial investment	20	5,778
INCREASE IN CASH IN THE PERIOD		34,262

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

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2013

	2013 £
Increase in cash in the period	34,262
MOVEMENT IN NET FUNDS IN THE PERIOD	34,262
NET FUNDS AT 31 AUGUST 2013	34,262

The notes on pages 19 to 37 form part of these financial statements

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 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 Education Funding Agency 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 Education Funding Agency.

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 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 in which it is receivable and to the extent the goods have been provided or on completion of the service.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.4 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.

Charitable activities are costs incurred in the academy's educational operations.

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

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.

In particular, the Governors note the current liability position on the balance sheet before pension scheme liabilities as at 31 August 2013.

Upon conversion, the academy inherited a deficit on conversion of £74,393 and an experienced workforce with significant salary and pension costs. The academy also received an advance from the EFA to help with short term cashflow issues.

The Governors note that a repayment plan has been agreed to repay the deficit and advance and that actions have been taken to reduce costs long term. Accordingly, the Governors consider it appropriate to prepare the financial statements on the going concern basis.

1.6 Tangible fixed assets and depreciation

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

Long Term Leasehold Property is not depreciated on the grounds of immateriality. Property is subject to regular maintenance and repair such that in the governors opinion the residual value is not materially different from the value in the financial statements and has a long useful economic life. The Governors consider the need for impairment at each period end.

1.7 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.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.8 Pensions

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 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 quinquennial valuations using a prospective benefit method. As stated in note 22, 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 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.

1.9 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 Huttoft Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Huttoft Primary School (Academy). The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised 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 2.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

2. CONVERSION TO AN ACADEMY TRUST

On 1 October 2012 Huttoft Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Huttoft Primary School (Academy) from Lincolnshire County Council 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 in the Statement of financial activities 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 £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold property	-	-	1,297,000	1,297,000
Budget deficit on LA funds	-	(74,393)	-	(74,393)
LGPS pension surplus/(deficit)	-	(101,000)	-	(101,000)
Net assets/(liabilities)	-	(175,393)	1,297,000	1,121,607

The Governors have utilised the valuation commissioned by the EFA as at 31 March 2013 which they consider to be a reasonable approximation to the value of leasehold property on conversion. The valuation has been calculated on a depreciated replacement cost basis

3. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Bank interest received	48	-	48

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Academy's educational operations	-	686,986	686,986
Other income	-	115,998	115,998
	-	802,984	802,984

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
General Annual Grant (GAG)	-	579,717	579,717
Other DfE / EFA Receipts	-	17,200	17,200
Other Government Grants	-	90,069	90,069
	<u>-</u>	<u>686,986</u>	<u>686,986</u>

5. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Auditors' remuneration	-	5,000	5,000
Legal fees	-	9,677	9,677
Governance wages and salaries	-	1,435	1,435
Governance NI	-	109	109
Governance pension costs	-	271	271
	<u>-</u>	<u>16,492</u>	<u>16,492</u>

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DIRECT COSTS			
Wages and salaries	-	475,443	475,443
National insurance	-	31,810	31,810
Pension cost	-	69,823	69,823
Educational supplies and services	-	25,435	25,435
Staff development	-	3,183	3,183
Educational support	-	6,129	6,129
Other staff costs	-	22,679	22,679
	<u>-</u>	<u>634,502</u>	<u>634,502</u>
SUPPORT COSTS			
Wages and salaries	-	55,674	55,674
National insurance	-	3,726	3,726
Pension cost	-	8,320	8,320
Pension finance cost	-	3,000	3,000
Maintenance	-	39,630	39,630
Cleaning	-	5,633	5,633
Utilities	-	14,188	14,188
Rates	-	2,550	2,550
Educational visits	-	1,618	1,618
Insurance	-	24,531	24,531
Recruitment and support	-	6,643	6,643
Office costs	-	15,311	15,311
Catering	-	25,414	25,414
ICT Costs	-	12,726	12,726
Bank charges	-	195	195
	<u>-</u>	<u>219,159</u>	<u>219,159</u>
	<u>-</u>	<u>853,661</u>	<u>853,661</u>

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

7 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Other costs 2013 £	Total 2013 £
Direct costs	577,076	57,426	634,502
Support costs	67,720	151,439	219,159
Charitable activities	644,796	208,865	853,661
Governance	1,815	14,677	16,492
	646,611	223,542	870,153

8. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Direct costs 2013 £	Support costs 2013 £	Total 2013 £
Academy's educational operations	634,502	219,159	853,661

9. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2013 £
Auditors' remuneration	5,000

10. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2013 was £250.

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

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

11. STAFF COSTS

Staff costs were as follows

	2013 £
Wages and salaries	532,552
Social security costs	35,645
Other pension costs (Note 22)	78,414
	<hr/> 646,611
Supply teacher costs	8,537
Staff restructuring	14,110
Other costs	32
	<hr/> <hr/> 669,290

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

	2013 No.
Teachers	19
Support and Administration	2
Management	2
	<hr/> 23

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

	2013 No.
In the band £60,001 - £70,000	1

The above employee participated in the Teachers' Pension Scheme Contributions for this staff member amounted to £8,319

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

12. GOVERNORS' REMUNERATION AND EXPENSES

During the period retirement benefits were accruing to 4 Governors in respect of defined benefit pension schemes

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands

	2013 £
A Hurrell	55,000-60,000
W Smalley	15,000-20,000
D Osborne	35,000-40,000
J Mullen	25,000-30,000

During the period, no Governors received any reimbursement of expenses

13. OTHER FINANCE INCOME

	2013 £
Expected return on pension scheme assets	5,000
Interest on pension scheme liabilities	(8,000)
	<u>(3,000)</u>

14. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £
Cost	
Transfer on conversion	1,297,000
At 31 August 2013	<u>1,297,000</u>
Depreciation	
At 13 August 2012 and 31 August 2013	<u>-</u>
Net book value	
At 31 August 2013	<u><u>1,297,000</u></u>

The long term leasehold property is subject to a 125 year lease from Lincolnshire County Council and is stated at the valuation for the building element provided to the academy by the EFA

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

15. DEBTORS

	2013 £
Other debtors	14,735
Prepayments and accrued income	20,554
	<u>35,289</u>

**16. CREDITORS:
Amounts falling due within one year**

	2013 £
Trade creditors	50,770
Other taxation and social security	10,494
Other creditors	138,699
Accruals and deferred income	9,102
	<u>209,065</u>

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	-	48	-	(48)	-	-
Restricted funds						
General Annual Grant (GAG)	-	579,717	(644,886)	48	-	(65,121)
Other DfE / EFA income	-	11,422	(11,422)	-	-	-
Other Government income	-	90,069	(90,069)	-	-	-
Other income	-	115,998	(115,998)	-	-	-
Deficit on conversion	-	(74,393)	-	-	-	(74,393)
Pension reserve	-	(101,000)	(2,000)	-	(32,000)	(135,000)
	<u>-</u>	<u>621,813</u>	<u>(864,375)</u>	<u>48</u>	<u>(32,000)</u>	<u>(274,514)</u>

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Assets transferred on conversion	-	1,297,000	-	-	-	1,297,000
DFC grant	-	5,778	(5,778)	-	-	-
	-	1,302,778	(5,778)	-	-	1,297,000
Total restricted funds	-	1,924,591	(870,153)	48	(32,000)	1,022,486
Total of funds	-	1,924,639	(870,153)	-	(32,000)	1,022,486

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

Unrestricted funds:

General funds - those resources which may be used towards meeting any of the objects of the academy at the discretion of the Governors

Restricted funds:

General Annual Grant (GAG) - made up of a number of different funding streams from the EFA, all of which are to be used to cover the running costs of the academy

Other DfE / EFA income - represent DfE / EFA grants received for specific purposes

Other Government income / other income - represents other income received which must be used for the specific purposes intended

Pension reserve - represents the current deficit balance of the Local Government Pension Scheme (LGPS)

Restricted fixed asset funds:

DFC grant - represents EFA income for which the specific purpose of capital expenditure has been imposed by the funder

Assets transferred on conversion - represents buildings transferred to the academy by the Local Authority upon conversion

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

17. STATEMENT OF FUNDS (continued)

Funds in deficit:

The academy is carrying a net deficit of £139,514 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason

The academy inherited a deficit on conversion of £74,393. In addition, the academy inherited an experienced workforce with significant salary and pension costs paid throughout the period

The academy is taking the following action to return these funds to surplus

The academy is to commence repayment of the deficit transferred on conversion in the next financial year and has put into action a staff restructure plan to reduce the level of staff costs

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	48	-	(48)	-	-
Restricted funds	-	621,813	(864,375)	48	(32,000)	(274,514)
Restricted fixed asset funds	-	1,302,778	(5,778)	-	-	1,297,000
	-	1,924,639	(870,153)	-	(32,000)	1,022,486

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	1,297,000	1,297,000
Current assets	-	69,551	-	69,551
Creditors due within one year	-	(209,065)	-	(209,065)
Provisions for liabilities and charges	-	(135,000)	-	(135,000)
	-	(274,514)	1,297,000	1,022,486

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £
Net incoming resources before revaluations	1,054,486
Returns on investments and servicing of finance	(48)
Transfer on conversion	(1,121,607)
Capital grants from DfE	(5,778)
Increase in debtors	(35,289)
Increase in creditors	134,672
FRS 17 adjustments	2,000
Net cash inflow from operations	28,436

20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £
Returns on investments and servicing of finance	
Interest received	48
	2013 £
Capital expenditure and financial investment	
Capital grants from DfE	5,778

21. ANALYSIS OF CHANGES IN NET FUNDS

	13 August 2012 £	Cash flow £	31 August 2013 £
Cash at bank and in hand	-	34,262	34,262
Net funds	-	34,262	34,262

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

22. PENSION COMMITMENTS

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 Lincolnshire 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

Contributions amounting to £9,306 were payable to the scheme at 31 August 2013 and are included within creditors

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 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

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

22. PENSION COMMITMENTS (continued)

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.

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.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

22. PENSION COMMITMENTS (continued)

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 period ended 31 August 2013 was £51,000, of which employer's contributions totalled £39,000 and employees' contributions totalled £12,000. The agreed contribution rates for future years are 18.9% for employers and a maximum of 7.5% for employees.

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.

As described in note 2 the LGPS obligation relates to the 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.

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

22. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.60	106,000
Bonds	4.30	17,000
Property	4.70	15,000
Cash	3.60	-
Total market value of assets		<u>138,000</u>
Surplus in the scheme		<u><u>138,000</u></u>

The amounts recognised in the Balance sheet are as follows

	2013 £
Present value of funded obligations	(273,000)
Fair value of scheme assets	138,000
Net liability	<u><u>(135,000)</u></u>

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

	2013 £
Current service cost	(38,000)
Interest on obligation	(8,000)
Expected return on scheme assets	5,000
Total	<u><u>(41,000)</u></u>
Actual return on scheme assets	<u><u>13,000</u></u>

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

22. PENSION COMMITMENTS (continued)

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

	2013 £
Current service cost	38,000
Interest cost	8,000
Contributions by scheme participants	12,000
Actuarial Losses	40,000
Transferred on conversion	175,000
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Closing defined benefit obligation	273,000
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Movements in the fair value of the academy's share of scheme assets

	2013 £
Expected return on assets	5,000
Actuarial gains and (losses)	8,000
Contributions by employer	39,000
Contributions by employees	12,000
Transferred on conversion	74,000
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	138,000
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The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £32,000

The academy expects to contribute £41,000 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
Equities	77.00 %
Bonds	12.00 %
Property	11.00 %
Cash	- %

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	6.10 %
Rate of increase in salaries	5.10 %
Rate of increase for pensions in payment / inflation	2.80 %

HUTTOFT PRIMARY SCHOOL (ACADEMY)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

22. PENSION COMMITMENTS (continued)

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

	2013
Retiring today	
Males	21.2 years
Females	23.4 years
Retiring in 20 years	
Males	23.7 years
Females	25.7 years

Amounts for the current period are as follows

Defined benefit pension schemes

	2013
	£
Defined benefit obligation	(273,000)
Scheme assets	138,000
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Deficit	(135,000)
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Experience adjustments on scheme liabilities	(40,000)
Experience adjustments on scheme assets	8,000
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23. CONTINGENT LIABILITIES

In the event of Huttoft Primary School (Academy) ceasing to operate as an academy, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the academy

24. RELATED PARTY TRANSACTIONS

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

During the period, the academy received income of £84,387 from Huttoft Nursery in respect of the rental of premises and staff costs. Huttoft Nursery has trustees who are connected to Governors of the academy.