

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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The following pages do not form part of the statutory financial statements:

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**Governors** Mrs L A Marsh (appointed 12 September 2011, resigned 17 November 2011)  
Mr J E R Hartill (appointed 12 September 2011)  
Mr J P Farr (appointed 12 September 2011)  
Mr P A J Lee (appointed 12 September 2011)<sup>1</sup>  
Mrs J M Dixon (appointed 12 September 2011)  
Reverend R Munro (appointed 12 September 2011)  
Mrs K Bennett (appointed 12 September 2011)  
Mrs T D Middleton (appointed 12 September 2011, resigned 14 May 2012)  
Mr J A McKenzie, Chair of Governors (appointed 12 September 2011)<sup>1</sup>  
Mr A J Hunt, Head Teacher (appointed 12 September 2011)<sup>1</sup>  
Mr A M Goodright (appointed 6 December 2011)  
Dr S J Platten (appointed 10 January 2012)  
Mr N H Swain (appointed 26 June 2012)

<sup>1</sup> Finance and General Purpose Committee

**Company registered  
number** 07770592

**Principal and Registered  
office** School Road  
Harrowbarrow  
Callington  
Cornwall  
PL17 8BQ

**Company secretary** Mrs E C Moyle

**Auditors** Bishop Fleming  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD

**HARROWBARROW SCHOOL  
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**GOVERNORS' REPORT  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the 11 months ended 31 August 2012.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust was incorporated on 12th September 2011 and opened as an Academy on 1st October 2011, is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of Harrowbarrow School Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Harrowbarrow School.

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administration Details on page 1.

**Members' liability**

Each member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

**Governors' Indemnities**

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Directors of the Academy Trust. The limit of this indemnity is £1,000,000.

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.

**Principal Activities**

The Academy Trusts' principal activity is to provide free education for pupils of different abilities between the ages of 4 to 11 offering a broad and balanced curriculum.

**GOVERNORS**

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

On 1st October 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Governors as set out in its Articles of Association and funding agreement:

- up to 13 Governors who are appointed by members.
- up to 1 LA Governors who are appointed by the Local Authority.
- up to 3 Parent Governors who are elected by parents of registered pupils at the Academy.

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**GOVERNORS' REPORT (continued)  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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- up to 2 staff Governors appointed by the Governing Body.
- up to 3 Community Governors who are appointed by the Governing Body.
- the Headteacher who is treated for all purposes as being an ex officio Governor.

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**Policies and Procedures adopted for the Induction and Training of Governors**

The Governing Body and the Headteacher believe it is essential that all new governors receive a comprehensive induction package covering a broad range of issues and topics. There is a commitment to ensure new governors are given the necessary support and information to fulfil their role with confidence, leading to more effective governance and governor retention.

The training and induction provided for new Governors depends upon their existing experience but will include a tour of the Academy and a chance to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**Organisational Structure**

The Board of Governors normally meets once each half term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There is one committee as follows;

Finance, Personnel and Audit Committee - this meets at least once each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

The following decisions are reserved to the Board of Governors; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the Annual Development Plan and budget.

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

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The Senior Leadership Team (SLT) consists of the Headteacher, Y3/Y4 Teacher, R/Y1 Teacher and the Business Manager. The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Headteacher, Academy Business Manager and Finance Committee, are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

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**GOVERNORS' REPORT (continued)  
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The Headteacher is the Accounting Officer.

**Risk management**

The Governors have considered the major risks to which the Academy is exposed and are formulating a formal risk management process to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. A Risk Register is being drawn up.

The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

**Connected Organisations, including Related Party Relationships**

The Academy has strong collaborative links with Callington Community College.

There are no related parties which either control or significantly influence the decisions and operations of Harrowbarrow School. The school has a Parent Staff Association which is run by volunteers who organise social and fundraising events throughout the year.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Charitable Company is the operation of Harrowbarrow School to provide free education and care for pupils of different abilities between the ages of 4 and 11 offering a broad and balanced curriculum.

The aims of the Academy during the year/period ended 31 August 2012 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with informal primary and secondary partnerships.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Harrowbarrow School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

**Objectives, Strategies and Activities**

Key priorities for the year are contained in our Academy Development Plan which is available from the Academy Office. Improvement focuses identified for this year include:

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- To improve writing experiences for children throughout the school. The academy aimed to close the differential between pupil's reading and writing levels of attainment at the end of Key Stage 2 so they are more in line with the national difference of 17% for level 4 and 29% for level 5. At the end of the year the school's differential for level 4 was 30% and for level 5 was 31% (similar to the previous year). However, the differential in other year groups was significantly better than the national figure; year 5 differential – 11%, year 4 – 0%, year 2 – 12%. In order to achieve improvements the academy sought the views of all learners and identified areas of teaching that could be improved to generate greater enthusiasm and levels of engagement in writing. Training opportunities for staff were identified creative writing was given greater emphasis.
- To review staff responsibilities across the school, creating a fairer structure of responsibility. A new model of leadership and responsibility has been designed, where the line management of staff has been more evenly distributed and responsibility for leading school improvement has been devolved to additional senior staff.
- To use pupil conferencing as a tool for gathering evidence about pupil performance and setting targets for improvement. Individual and group conferences are held termly, where pupils are asked a range of questions about their own performance and then alongside the teacher they identify areas for development. In a recent end of year pupil survey, 83% of pupils felt teachers 'always' or 'mostly' show them how to make their work better. Only 3% felt that teachers did not do this.
- To refurbish the main building toilets. The academy successfully applied for £65,000 of funding to completely refurbish an aging and woefully inadequate toilet block. The children now have heated, ventilated and hygienic toilets that are fit for purpose. Now the school also has a disabled toilet that meets current requirements.

#### Public Benefit

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Harrowbarrow and the surrounding area.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community. Since academy conversion the school has become a venue for the local pre-school playgroup to offer childcare for school age children on school Inset training days.

As an Academy we have a duty to support other schools. Our named school in the Academy status is The Beacon Infant School. We have supported this school through a school leadership programme. Year 5 pupils have led outdoor learning activities for younger pupils from The Beacon Infants, who would otherwise have no access to outdoor learning of the nature our academy can provide. The aim of the project is to provide positive (year 5) role models to pupils from an economically and socially deprived community, where they do not have opportunities to work alongside aspirational older pupils. In addition, the academy's year 5 pupils develop leadership skills to support transition into year 6.

#### ACHIEVEMENTS AND PERFORMANCE

##### Achievements and Performance

The Academy is in its first year of operation and has maintained the forecast number of students. The total number of students in the year ended 31 August 2012 was 106 but this has increased to 109 in September 2012. The Academy is full in three year groups and has a waiting list in operation. School population forecasts,

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although often inaccurate, show that the number of pupils due to enter the reception class in the next few years will be close to our PAN.

**SATS**

- English - We achieved 77% pupil attainment at Level 4, which compares with 81% nationally. 39% pupil attainment at Level 5 also compares with 29% nationally. Maths - We achieved 69% pupil attainment at Level 4, which compares with 80% nationally. This was a particularly small cohort (13 pupils) where 15% of the pupils migrated into the school after Key Stage 1. If these pupils results were removed the school would achieve above the national levels.

The Academy has 4 classes and due to high cohort numbers class sizes remain high. Two of the classrooms are below the minimum area guidelines for primary classroom sizes.

Over 20 parent volunteers have been helping in the Academy this year. Their commitment to the children and Academy is inspirational. They have helped with reading, writing, maths, drama and trips out of school.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Headteacher and the Senior Leadership Team.

The Academy was inspected by OFSTED in 2010 and was judged to be Good with Outstanding Features.

During the year the Academy completed the refurbishment of the library, rear corridor and stairwell, office improvements and pupils' toilets.

The boys and girls toilet blocks were refurbished during the year at a cost of £63,335.56 which was met from the Academies Capital Maintenance Fund.

Continuing professional development for staff has been very successful with 2 teaching assistants completing NVQ Level 3 courses.

**Going Concern**

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

**Key Financial Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In period under review, £15,431 was carried forward representing 3.75% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2012 were 106. It is anticipated that this number will remain constant.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2012 this was 79.26%.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial



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Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the period ended 31 August 2012, total expenditure of £471,698 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,545,292. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £67,149. This is due to the school receiving the LA carry forward funds late in the year and therefore use of these funds has not yet been agreed by the governing body.

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation as follows:-

Leasehold buildings (main school)	1.66% straight line
Temporary building	12.50% straight line
Fixtures, fittings and equipment	20.00% straight line
Computer Equipment	33.33% straight line

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over their expected useful life. At 31 August 2012 the net book value of fixed assets was £1,001,121 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings valued on 1 April 2011 at £913,421. A current valuation of the land and buildings is expected shortly. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share £70,765 was transferred across on conversion of which £63,202 is shown as Unrestricted Funds, £3,377 shown as Restricted Fixed Asset Funds and £4,186 as Restricted Start Up Grant Funds.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Financial Probity & Asset Management.

Governors have adopted a Responsible Officer Policy and appointed Mrs V Rowe, to undertake a programme of internal checks on financial controls. During the year, the Governors received three reports from the Responsible Officer which contained no matters of significance.

**Financial and Risk Management Objectives and Policies**

The Governors have considered the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. A formal Risk Management Plan and Risk Register are being drawn up.

Whilst the school's NOR remains constant, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and

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overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

**Financial** - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 83.5% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**Failures in governance and/or management** - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

**Reputational** - the continuing success of the Academy is dependant on continuing to attract pupils in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection** - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

**Staffing** - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds** - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has considered its risk management process throughout the year and will implement improvements in the process and ensure staff awareness. A risk register will be drawn up, reviewed and updated on a regular basis.

**Reserves Policy**

Unrestricted reserves will be at a level necessary to:-

- Allow future planned expenditure that cannot be met from the annual budget
- Deal with unknown/unplanned items of expenditure that cannot be funded from the annual budget.

The policy is currently under review.

**Investment Policy**

The school will normally use its income during the financial/academic year it is received, with the exception of

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**GOVERNORS' REPORT (continued)  
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designated reserves.

All funds surplus to immediate requirements are to be invested to optimal effect. The governors are currently in the process of drawing up and agreeing an Investment Policy.

**PLANS FOR FUTURE PERIODS**

As part of the academy's annual cycle of self-evaluation and school improvement the following actions have been identified:

- To raise children's attainment in writing by the end of Key Stage 2.
- To continue raising levels of engagement in writing across the school through partnership opportunities.
- To implement a new performance management policy across the school.
- To use the new pupil premium in a targeted manner to raise the attainment of vulnerable children through effective interventions and learning opportunities.
- To move the quality of teaching from 'good' to 'outstanding' through a comprehensive programme of monitoring and professional reflection.
- To develop further outdoor learning opportunities for Key Stage 2 pupils.
- To identify and apply for funding to replace the inadequate and unreliable heating system throughout the school.
- To complete the refurbishment of corridors and shared areas throughout the school.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy and its Governors do not act as the Custodian Trustees of any other Charity.

**AUDITOR**

In so far as the Governors are aware:

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

The auditors, Bishop Fleming, are willing to continue in office. The appointment of auditors for 2012 – 2013 will be discussed and a decision made by governors at the AGM

Approved by order of the members of the Governing Body on 27/11/12 and signed on its behalf by:

**Mr J McKenzie  
Chair**



**Mr A J Hunt  
Accounting Officer**



## **GOVERNANCE STATEMENT**

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### **SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Principal, 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 Harrowbarrow School 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 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mrs L A Marsh	1	1
Mr J E R Hartill	2	5
Mr J P Farr	4	6
Mr P A J Lee	5	6
Mrs J M Dixon	6	6
Reverend R Munro	6	6
Mrs K Bennett	6	6
Mrs T D Middleton	2	3
Mr J A McKenzie, Chair of Governors	5	6
Mr A J Hunt, Head Teacher	6	6
Mr A M Goodright	3	5
Dr S J Platten	3	4
Mr N H Swain	1	1

During the year there were changes to the governing body. Staff Governor Mrs Louise Marsh's term of office ended on the 17th November 2012 and the new staff governor appointed was Mr Mark Goodright. Parent Governor Mrs Tamzine Middleton resigned in May 2012 and a parent governor election was held with Mr Nick Swain being elected by the parents. Mr J Hartill's term of office ended during the year and he was reappointed to serve for a further 4 years by the governing body

The Finance and General Purposes Committee is a sub committee of the main Governing Body. Its purpose is to:-

- provide guidance and assistance to the Headteacher and governing body in all matters relating to budgeting and finance;
- To consider each year's annual priorities and agree an annual budget for approval by the Governing Body;
- To monitor income and expenditure of all public and non-public funds and report to the Governing Body;
- To approve and review a pay policy carrying out an annual review for all staff;
- Keep staff structure under review.

As an Academy the school has the opportunity to create new job titles and during the year the committee considered the roles and pay grading of classroom support staff who run enrichment afternoons two afternoons each week. These have proved very stimulating and rewarding for the pupils and the staff involved enjoy running these sessions. Following consultation with the school's HR service provider, a new job title of Enrichment Learning Facilitator (ELF) was created with a new pay grade to recognise the work of the support staff involved.

Attendance at meetings in the year was as follows:

**GOVERNANCE STATEMENT (continued)**

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Governor	Meetings attended	Out of a possible
Mr A J Hunt, Head Teacher	4	4
Mr J A McKenzie, Chair of Governors	4	4
Mr P A J Lee	3	4
Mr F Fletcher (Patron)	3	4

**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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harrowbarrow School 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 ongoing 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 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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (as set 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 have appointed Vicky Rowe, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a 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 Principal 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 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.

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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

Approved by order of the members of the Governing Body on <sup>27/11/12</sup> and signed on their behalf, by:

**Mr J A McKenzie**  
Chair



**Mr A J Hunt**  
Accounting Officer



**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting officer of Harrowbarrow School 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.

I confirm that I and the academy Governing Body are able to identify any material irregular or improper use of funds by the academy trust, or material non compliance with the terms and conditions of funding under the academy'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 A J Hunt, Head Teacher**  
Governor

**HARROWBARROW SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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The Governors (who act as trustees for charitable activities of Harrowbarrow School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;
- 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 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 and signed on its behalf by:

**Mr J A McKenzie**  
Chair

Date: 27/11/12





## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARROWBARROW SCHOOL**

We have audited the financial statements of Harrowbarrow School for the period ended 31 August 2012 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

### **RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND 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 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 prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARROWBARROW SCHOOL

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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.



Pamela Tuckett FCA DChA (Senior Statutory Auditor)  
for and on behalf of

**Bishop Fleming**  
Chartered Accountants  
Statutory Auditors  
50 The Terrace  
Torquay  
Devon  
TQ1 1DD  
13 December 2012

**HARROWBARROW SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO HARROWBARROW SCHOOL  
AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 29 August 2012 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 Harrowbarrow School during the period 12 September 2011 to 31 August 2012 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 Harrowbarrow School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Harrowbarrow 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 Harrowbarrow School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HARROWBARROW SCHOOL'S ACCOUNTING OFFICER AND THE AUDITORS**

The Accounting officer is responsible, under the requirements of Harrowbarrow School's funding agreement with the Secretary of State for Education dated 1 October 2011, and the Academies Financial Handbook as published by DfE in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 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 September 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.

**APPROACH**

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.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO HARROWBARROW SCHOOL  
AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 12 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Bishop Fleming**  
Chartered Accountants  
Statutory Auditors

50 The Terrace  
Torquay  
Devon  
TQ1 1DD

13 December 2012

**HARROWBARROW SCHOOL**  
**(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 2012**

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Transfer from local authority on conversion	3	63,202	(22,000)	964,661	1,005,863
Other voluntary income	3	296	3,234	67,182	70,712
Activities for generating funds	4	13,849	2,322	-	16,171
Investment income	5	60	-	-	60
Incoming resources from charitable activities	6	-	452,486	-	452,486
<b>TOTAL INCOMING RESOURCES</b>		<b>77,407</b>	<b>436,042</b>	<b>1,031,843</b>	<b>1,545,292</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	12	6,868	393,886	34,975	435,729
Governance costs	8	-	35,969	-	35,969
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>6,868</b>	<b>429,855</b>	<b>34,975</b>	<b>471,698</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>70,539</b>	<b>6,187</b>	<b>996,868</b>	<b>1,073,594</b>
Transfers between Funds	21	-	(9,577)	9,577	-
<b>NET INCOME FOR THE YEAR</b>		<b>70,539</b>	<b>(3,390)</b>	<b>1,006,445</b>	<b>1,073,594</b>
Actuarial gains and losses on defined benefit pension schemes		-	(14,000)	-	(14,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>70,539</b>	<b>(17,390)</b>	<b>1,006,445</b>	<b>1,059,594</b>
Total funds at 12 September 2011		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2012</b>		<b>70,539</b>	<b>(17,390)</b>	<b>1,006,445</b>	<b>1,059,594</b>

All activities relate to continuing operations.

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

The notes on pages 22 to 39 form part of these financial statements.

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07770592**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2012**

	Note	£	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	17		1,001,221
<b>CURRENT ASSETS</b>			
Stocks	18	437	
Debtors	19	65,332	
Cash at bank		120,017	
		<u>185,786</u>	
<b>CREDITORS:</b> amounts falling due within one year	20	<u>(93,413)</u>	
<b>NET CURRENT ASSETS</b>			<u>92,373</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,093,594</u>
Defined benefit pension scheme liability	26		<u>(34,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>1,059,594</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
General funds	21	16,610	
Fixed asset funds	21	1,006,445	
		<u>1,023,055</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(34,000)</u>	
Total restricted funds			<u>989,055</u>
Unrestricted funds	21		<u>70,539</u>
<b>TOTAL FUNDS</b>			<u><u>1,059,594</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 27 November 2012 and are signed on their behalf, by:

  
**Mr J A McKenzie, Chair**

  
**Mr A J Hunt, Accounting Officer**

The notes on pages 22 to 39 form part of these financial statements.

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

	<b>Note</b>	<b>2012 £</b>
Net cash flow from operating activities	23	124,164
Capital expenditure and financial investment		(74,912)
Cash transferred on conversion to an academy trust	25	70,765
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>120,017</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

	<b>2012 £</b>
Increase in cash in the period	120,017
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>120,017</b>
<b>NET FUNDS AT 31 AUGUST 2012</b>	<b>120,017</b>

The notes on pages 22 to 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012

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**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 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 COMPANY STATUS**

The academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 FUND ACCOUNTING**

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

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOMING RESOURCES**

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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 the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**1.5 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.

All resources expended are inclusive of irrecoverable VAT.

**1.6 GOING CONCERN**

The academy has considerable reliance on continued Government funding through the EFA. Although there is no assurance that Government Funding will continue at its current level for the period covered by the going concern review the Governors have a reasonable expectation that the Academy will have adequate resources to continue its activities for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

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

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

L/Term Leasehold Property	-	1.66% Straight line
Temp Buildings	-	12.5% Straight line
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33.3% Straight line

**1.8 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.9 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.10 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.

**1.11 GOVERNMENT GRANTS**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 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, 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 quinquennial valuations using a prospective benefit method. As stated in note 26, 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.

**1.13 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 Harrowbarrow 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 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 25.

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**2. GENERAL ANNUAL GRANT (GAG)**

	2012 £
<b>Result and Carry Forward for the Year</b>	
GAG Allocation for current year	411,001
<b>Total GAG Available to spend</b>	<u>411,001</u>
Recurrent expenditure from GAG	(388,993)
Fixed assets purchased from GAG	(6,577)
<b>GAG Carried forward to next year</b>	<u>15,431</u>
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(49,320)
<b>GAG to surrender to DfE</b>	<u>(33,889)</u>
(12% rule breached if result is positive)	<u>No breach</u>

**3. VOLUNTARY INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Transfer from local authority on conversion	63,202	942,661	1,005,863
Donations	296	3,234	3,530
Government grants	-	67,182	67,182
<b>Subtotal</b>	<u>296</u>	<u>70,416</u>	<u>70,712</u>
<b>Voluntary income</b>	<u>63,498</u>	<u>1,013,077</u>	<u>1,076,575</u>

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Lettings	116	-	116
Fees received	3,118	-	3,118
Other	10,615	2,322	12,937
	<u>13,849</u>	<u>2,322</u>	<u>16,171</u>

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**5. INVESTMENT INCOME**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest	60	-	60

**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	-	452,486	452,486

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>			
General Annual Grant	-	416,139	416,139
Start up Grants	-	25,000	25,000
Other Dfe/EFA grants	-	1,034	1,034
Pupil Premium	-	10,313	10,313
	-	452,486	452,486

**7. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	6,868	428,861	435,729

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**8. GOVERNANCE COSTS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	4,750	4,750
Legal and Professional	-	29	29
Conversion costs	-	25,340	25,340
Governance expense - wages and salaries	-	5,850	5,850
	<u>-</u>	<u>35,969</u>	<u>35,969</u>

**9. DIRECT COSTS**

	Total 2012 £
Educational supplies	9,481
Staff development	5,291
Other costs	7,031
Recruitment and other staff costs	1,799
Wages and salaries	236,139
National insurance	14,547
Pension cost	29,338
Depreciation	31,478
	<u>335,104</u>

**10. SUPPORT COSTS**

	Total 2012 £
Other costs	3,645
Maintenance of premises and equipment	20,732
Cleaning	1,637
Rent and rates	4,878
Heat and light	5,518
Insurance	5,982
Security and transport	91
Catering	1,350
Technology costs	10,373
Office overheads	3,647
Legal and professional	1,369
Wages and salaries	32,659
National insurance	1,425
Pension cost	3,821
Depreciation	3,498
	<u>100,625</u>

**HARROWBARROW SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Education	317,929	34,976	82,824	435,729
Governance	5,850	-	30,119	35,969
	<u>323,779</u>	<u>34,976</u>	<u>112,943</u>	<u>471,698</u>

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Education	335,104	100,625	435,729

**13. NET INCOMING RESOURCES**

This is stated after charging:

	2012 £
Depreciation of tangible fixed assets:	
- owned by the charity	34,975
Auditors' remuneration	4,750
	<u>39,725</u>

During the period, no Governors received any benefits in kind.

During the period, no Governors received any reimbursement of expenses.

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**14. STAFF COSTS**

Staff costs were as follows:

	2012 £
Wages and salaries	274,648
Social security costs	15,972
Other pension costs (Note 26)	33,159
	<hr/> 323,779 <hr/>

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

	2012 No.
Teachers	4
Headteacher	1
Business Manager	1
Teaching Assistants	4
Lunchtime Supervisors	1
Site Staff	1
	<hr/> 12 <hr/>

No employee received remuneration amounting to more than £60,000 in either year.

**15. GOVERNORS' REMUNERATION**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. The value of governors' remuneration was as follows: Mr A J Hunt (Head Teacher), £45,000-£50,000, Mrs L A Marsh £5,000-£10,000 and Mr A M Goodright £25,000-£30,000 Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors.

**16. 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 ended 31 August 2012 was £250.

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



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**17. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 12 September 2011	-	-	-	-
Additions	65,335	5,990	3,587	74,912
Transfer on conversion	913,421	42,895	4,968	961,284
At 31 August 2012	978,756	48,885	8,555	1,036,196
<b>DEPRECIATION</b>				
At 12 September 2011	-	-	-	-
Charge for the period	18,023	14,579	2,373	34,975
At 31 August 2012	18,023	14,579	2,373	34,975
<b>NET BOOK VALUE</b>				
At 31 August 2012	960,733	34,306	6,182	1,001,221

**18. STOCKS**

	2012 £
Finished goods and goods for resale	437

**19. DEBTORS**

	2012 £
Other debtors	62,612
Tax recoverable	2,720
	65,332

**20. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £
Trade creditors	11,164
Other creditors	82,249
	93,413

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**20. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	£
<b>DEFERRED INCOME</b>	
Resources deferred during the year	6,110

**21. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	-	77,407	(6,868)	-	-	70,539
<b>RESTRICTED FUNDS</b>						
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	-	411,001	(388,993)	(6,577)	-	15,431
Donations	-	3,234	(89)	(3,000)	-	145
Pupil premium	-	10,313	(10,313)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
Other LA Funding	-	1,034	-	-	-	1,034
Insurance claims	-	2,322	(2,322)	-	-	-
Insurance	-	5,138	(5,138)	-	-	-
Pension reserve	-	(22,000)	2,000	-	(14,000)	(34,000)
	-	436,042	(429,855)	(9,577)	(14,000)	(17,390)

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**21. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	-	961,284	(33,060)	-	-	928,224
Devolved Formula Capital	-	5,559	-	-	-	5,559
Fixed assets purchased from GAG and other restricted funds	-	-	(1,915)	9,577	-	7,662
Restricted Fixed Asset Fund	-	65,000	-	-	-	65,000
	-	1,031,843	(34,975)	9,577	-	1,006,445
Total restricted funds	-	1,467,885	(464,830)	-	(14,000)	989,055
Total of funds	-	1,545,292	(471,698)	-	(14,000)	1,059,594

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	77,407	(6,868)	-	-	70,539
Restricted funds	-	436,042	(429,855)	(9,577)	(14,000)	(17,390)
Restricted fixed asset funds	-	1,031,843	(34,975)	9,577	-	1,006,445
	-	1,545,292	(471,698)	-	(14,000)	1,059,594

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	1,001,221	1,001,221
Current assets	70,539	44,687	70,559	185,785
Creditors due within one year	-	(28,077)	(65,335)	(93,412)
Provisions for liabilities and charges	-	(34,000)	-	(34,000)
	70,539	(17,390)	1,006,445	1,059,594

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**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2012 £
Net incoming resources before revaluations	1,073,594
Net assets transferred on conversion	(939,284)
Exceptional items	(70,765)
Depreciation of tangible fixed assets	34,975
Increase in stocks	(437)
Increase in debtors	(65,332)
Increase in creditors	93,413
Defined benefit pension scheme adjustments	(2,000)
<b>NET CASH INFLOW FROM OPERATIONS</b>	<b>124,164</b>

	2012 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	
Purchase of tangible fixed assets	(74,912)

**24. ANALYSIS OF CHANGES IN NET DEBT**

	12 September 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand:	-	120,017	-	120,017
<b>NET FUNDS</b>	<b>-</b>	<b>120,017</b>	<b>-</b>	<b>120,017</b>

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**25. CONVERSION TO AN ACADEMY TRUST**

On 12 September 2011 Harrowbarrow School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Harrowbarrow School from Cornwall 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 £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	913,421	913,421
- Other tangible fixed assets	-	-	47,863	47,863
Budget surplus/(deficit) on LA funds	67,388	-	3,377	70,765
LGPS pension surplus/(deficit)	-	(22,000)	-	(22,000)
Net assets/(liabilities)	<u>67,388</u>	<u>(22,000)</u>	<u>964,661</u>	<u>1,010,049</u>

The above net assets include £70,765 that were transferred as cash.

**26. 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 Cornwall 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 was 31 March 2004 and of the LGPS 31 August 2012.

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

**Teachers' Pension Scheme**

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.

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 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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. PENSION COMMITMENTS (continued)**

notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews 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.

The last 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.

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 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 (FRS17) 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 FRS17 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 assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £14,000, of which employer's contributions totalled £11,000. The agreed contribution rate for future years are 21.3% for employers and 5.5% to 7.5% for employees.

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**26. PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows:

	2012 £
Present value of funded obligations	(120,000)
Fair value of scheme assets	86,000
	<u>          </u>
Net liability	<u><u>(34,000)</u></u>

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

	2012 £
Current service cost	(9,000)
Interest on obligation	(4,000)
Expected return on scheme assets	4,000
	<u>          </u>
Total	<u><u>(9,000)</u></u>

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

	2012 £
Current service cost	9,000
Interest cost	4,000
Contributions by scheme participants	3,000
Actuarial Losses	19,000
Liability transferred on conversion	85,000
	<u>          </u>
Closing defined benefit obligation	<u><u>120,000</u></u>

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

	2012 £
Expected return on assets	4,000
Actuarial gains and (losses)	5,000
Contributions by employer	11,000
Contributions by employees	3,000
Asset transferred on conversion	63,000
	<u>          </u>
	<u><u>86,000</u></u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(14,000).

The academy expects to contribute £13,000 to its Defined benefit pension scheme in 2013.

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**26. PENSION COMMITMENTS (continued)**

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

	<b>2012</b>
Equities	<b>67.00 %</b>
Bonds	<b>17.00 %</b>
Property	<b>7.00 %</b>
Cash	<b>9.00 %</b>

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

	<b>2012</b>
Discount rate for scheme liabilities	<b>4.10 %</b>
Expected return on scheme assets at 31 August	<b>4.80 %</b>
Rate of increase in salaries	<b>4.50 %</b>
Rate of increase for pensions in payment / inflation	<b>2.20 %</b>

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

	<b>2012</b>
Retiring today	
Males	<b>21.3 years</b>
Females	<b>23.4 years</b>
Retiring in 20 years	
Males	<b>23.2 years</b>
Females	<b>25.6 years</b>

Amounts for the current period are as follows:

Defined benefit pension schemes

	<b>2012</b>
	<b>£</b>
Defined benefit obligation	<b>(120,000)</b>
Scheme assets	<b>86,000</b>
	<hr/>
Deficit	<b>(34,000)</b>
	<hr/>
Experience adjustments on scheme liabilities	<b>(19,000)</b>
Experience adjustments on scheme assets	<b>5,000</b>
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**27. OPERATING LEASE COMMITMENTS**

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings 2012 £</b>	<b>Other 2012 £</b>
<b>EXPIRY DATE:</b>		
Between 2 and 5 years	-	561
	<hr/> <hr/>	<hr/> <hr/>

**28. RELATED PARTY TRANSACTIONS**

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

**29. CONTROLLING PARTY**

There is no ultimate controlling party.

