

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

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2013**

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

**CONTENTS**

---

	Page
<b>Reference and administrative details of the academy, its trustees and advisers</b>	<b>1</b>
<b>Trustees' report</b>	<b>2 - 9</b>
<b>Governance statement</b>	<b>10 - 12</b>
<b>Statement on regularity, propriety and compliance</b>	<b>13</b>
<b>Trustees' responsibilities statement</b>	<b>14</b>
<b>Independent auditors' report</b>	<b>15 - 16</b>
<b>Independent auditors' assurance report on regularity</b>	<b>17 - 18</b>
<b>Statement of financial activities</b>	<b>19 - 20</b>
<b>Balance sheet</b>	<b>21</b>
<b>Cash flow statement</b>	<b>22</b>
<b>Notes to the financial statements</b>	<b>23 - 41</b>

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

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

---

**Trustees**

Mr A J Hunt, Headteacher and Accounting Officer<sup>1,2</sup>  
Mr J E R Hartill  
Mr J P Farr (resigned 30 April 2013)  
Mr P A J Lee (resigned 23 October 2012)<sup>1</sup>  
Mrs J M Dixon, Vice Chair<sup>2</sup>  
Reverend R Munro (resigned 7 February 2013)  
Mrs K Bennett<sup>2</sup>  
Mr J A McKenzie, Chair of Trustees<sup>1,2</sup>  
Mr A M Goodright, Staff Trustee<sup>2</sup>  
Dr S J Platten<sup>1</sup>  
Mr N H Swain<sup>2</sup>  
Mr J E Bassett (appointed 11 January 2013)<sup>1</sup>  
Mr G Lobbett (appointed 1 May 2013)

<sup>1</sup> Finance, Personnel & Audit Committee

<sup>2</sup> Teaching, Learning & Achievement Committee

**Company registered number** 07770592

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

**Company secretary** Mrs E C Moyle

**Accounting officer** Mr A J Hunt

**Senior management team**

Mr A J Hunt, Headteacher  
Mr A M Goodright, Year 3/4 Teacher  
Mrs L A Marsh, Year R/1 Teacher  
Mrs E C Moyle, Business Manager

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

**Bankers** Lloyds Bank  
The Parade  
Liskeard  
Cornwall  
PL14 6AW

**Solicitors** Cornwall Council Legal Services  
County Hall  
Treyew Road  
Truro  
Cornwall  
TR1 3AY

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

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy 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.

The Trustees act as the Trustees for the charitable activities of Harrowbarrow School and are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative 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.

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees 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 Trustees in their capacity as Directors of the academy. The limit of this indemnity is £1,000,000.

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

**Principal Activity**

The principal activity is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a primary school offering a broad and balanced curriculum.

**TRUSTEES**

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

On 1 October 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for 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 Trustees as set out in its Articles of Association and funding agreement:

- up to 13 Trustees who are appointed by members.
- up to 1 LA Trustees who are appointed by the Local Authority.
- up to 3 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to 2 staff Trustees appointed by the Governing Body
- up to 3 Community Trustees who are appointed by the Governing Body.
- the Headteacher who is treated for all purposes as being an ex officio Governor.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

Trustees 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 Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees 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 Trustees**

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

The training and induction provided for new Trustees depends upon their existing experience but will include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees 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 Trustees 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 are two committees 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.

**Teaching, Learning and Achievement Committee**

The following decisions are reserved to the Board of Trustees; 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 Trustees, to approve the Annual Development Plan and budget.

The Trustees 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 Trustees 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 Trustees 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 Trustee.

The Headteacher is the Accounting Officer.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

**Risk management**

The Trustees have considered the major risks to which the Academy is exposed and have formulated a formal risk management process to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and 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 maintained and reviewed on a regular basis.

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 ended 31 August 2013 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 enhance the tertiary provision and outcomes.
- 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.

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

**Objectives, Strategies and Activities**

The academy has identified robust and rigorous targets for the improvement of academic achievement, along with a longer term vision for collaboration, partnership and the increased performance of the school.

- To accelerate the progress of learners in writing. 90% of pupils to make the nationally expected rate of progress or better with 40% to make better than the expected rate.
- To raise the levels of engagement in writing for boys so they make progress in line with girls.
- To develop more effective pupil target systems which provide regular feedback to learners and involve them in the identification of future targets.
- To ensure the leadership and management of the school effectively and robustly monitor the performance of teachers and hold them to account when standards of teaching are less than good.
- To implement new PE initiatives, including further intra and inter school completion and with links to numeracy and literacy, using Olympic Legacy Funding.
- To further develop outdoor learning opportunities for children across the school through development of the school's existing Forest School environment.
- To incorporate Harrowbarrow School into the newly proposed Duchy Multi Academy Trust with Lewannick, Callington and Boyton primary schools in February 2014.
- To be categorised as 'outstanding' by Ofsted within the next 2 years.

**Public Benefit**

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission'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.

The academy is developing its learning environments with the creation of an outdoor community classroom. The aim is for this facility to be accessible to other local providers of education, who lack similar areas to facilitate high quality outdoor learning.

The academy is in the process of incorporating itself into the proposed Duchy Multi Academy Trust with three other local primaries. The strategic vision is to use partnership and collaboration across the four schools to raise academic attainment and improve the educational performance in each.

**ACHIEVEMENTS AND PERFORMANCE**

**Achievements and Performance**

- The academy's pupil population continues to grow and has increased this year to 112, compared to 109 last year. Three of the seven year groups are full or oversubscribed and there is very limited spare capacity in most of the other year groups. The September 2013 reception intake exceeded the Local Authority prediction.
- In July 2013, at the end of KS2, the school improved pupil performance in maths by 12%, compared to 2012, maintained the same level of performance in writing but underperformed in reading by 17%, compared to 2012, when using teacher assessed results.
- At the end of KS1 the school increased pupil performance in reading by 31%, in writing by 8% and in maths by 11% compared to results in 2012.
- At the end of Year 1 86% of learners achieved the expected level in the phonic screening check; an increase in 17% from 2012.
- Disappointing academic performance at the end of KS2 in 2012 and an insignificant amount of improvement in 2013 led to a downgrading in the school's overall judgement by Ofsted to 'Requires

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

---

Improvement' in June 2013. The academy has put the necessary actions and monitoring arrangements in place to ensure an increased rate of improvement is made by the end of July 2014.

- The academy was successful in securing funding (£26,000) to replace all remaining single glazed external doors and windows and the entire heating system within the school. This work was completed by the end of August 2013. The academy is now planning to replace a dilapidated temporary classroom currently used by EYFS children.

**Going Concern**

After making appropriate enquiries, the board of trustees 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 Going concern policy.

**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. The amount the school can carry forward is unrestricted. In the period under review, £13,904 was carried forward representing 3.1% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2012/13 were 109. It is anticipated that this number will remain constant.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2013 this was 82.4%.

**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 2013 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 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 year ended 31 August 2013, total expenditure of £571,030 was covered by recurrent grant funding from the DfE, together with other incoming resources of £512,562. The excess of expenditure over income for the year (excluding fixed asset depreciation) was £9,864 which was funded from brought forward funds.

At 31 August 2013 the net book value of fixed assets was £957,841 and movements in tangible fixed assets are shown in Note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy and Scheme of Delegation which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included: Investment, Reserves, VAT, Charging and Remissions.

Trustees have adopted a Responsible Officer Policy and appointed Mrs V Rowe to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 4 reports from the Responsible Officer which contained no matters of significance.



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

**Financial and Risk Management Objectives and Policies**

The Trustees 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 Trustees 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 in place and are reviewed on a regular basis.

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 Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. The Trustees 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 25 to the financial statements, represents a significant potential liability. However as the Trustees 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 95.8% 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 Trustees 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 Trustees ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection** - the Trustees 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 and safety and discipline.

**Staffing** - the success of the Academy is reliant on the quality of its staff and so the Trustees 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 has been drawn up, reviewed and updated on a regular basis.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

**Reserves Policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £10,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £63,381, of which £10,000 is free reserves.

The Trustees have reviewed the future plans of the Academy and the above £63,381 includes reserves as follows:

- Set up in-house School Meals Service £2,000
- Internal alterations to provide a servery for the new Meals Service £10,000
- Replacement of Junior classroom furniture £4,000
- External painting of or replacement of fascia boards £5,000
- Refurbishment of MOO learning space £3,000
- Longer term project for the replacement of Elliott Classroom £30,000

**Investment Policy**

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

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

**PLANS FOR FUTURE PERIODS**

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

Longer term objectives for the academy include the following:

- To achieving an 'Outstanding' Ofsted judgement within the next two years.
- To incorporate the academy within the Duchy Multi Academy Trust and collaborate across the four schools to raise pupil attainment and improve the performance of the school.
- To replace the dilapidated EYFS classroom with a new, purpose built facility which incorporates the local pre-school playgroup, providing a before and after school childcare capacity onsite.
- To identify and secure funding for a school hall, which the school has never had, providing an additional community facility.

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

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

**TRUSTEES INDEMNITIES**

There were no third party indemnity provisions during the year or at the date of approval of the trustees' report.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

**AUDITOR**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the board of trustees on 13.12.13 and signed on its behalf by:



**Mr J McKenzie**  
Chair of Trustees

## **GOVERNANCE STATEMENT**

---

### **SCOPE OF RESPONSIBILITY**

As trustees, 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 board of trustees 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 board of trustees any material weaknesses or breakdowns in internal control.

### **GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr A J Hunt, Headteacher and Accounting Officer	8	8
Mr J E R Hartill	2	8
Mr J P Farr	3	4
Mr P A J Lee	0	1
Mrs J M Dixon, Vice Chair	8	8
Reverend R Munro	0	2
Mrs K Bennett	5	8
Mr J A McKenzie, Chair of Trustees	7	8
Mr A M Goodright, Staff Trustee	6	8
Dr S J Platten	5	8
Mr N H Swain	5	8
Mr J E Bassett	4	5
Mr G Lobbett	2	2

During the year there were three resignations; Mr P A J Lee, Reverend R Munro and Mr J P Farr and two appointments; Mr J E Bassett and Mr G Lobbett.

In response to a dip in pupil performance at the end of the academic year 2011/12 the trustees were presented with the challenge of implementing an accelerated programme of school improvement. In June 2013 the school was inspected by Ofsted and despite recognising the improvements the school had made, the school was downgraded to 'requiring improvement'. Since then the trustees have overseen the implementation of a rigorous post Ofsted action plan, addressing the issues identified and building upon the progress made under the previous school improvement plan. There is a rigorous and sustained drive to achieve an Ofsted judgement of 'outstanding' within the next 2 years.

The **Finance, Personnel & Audit Committee** is a sub committee of the main board of trustees. Its purpose is to oversee all aspects of the finances of the school (including medium and long- term financial planning) and shall in particular:

- Consider each year's annual priorities and recommend to the Governing Body the annual budget for the School.
- Monitor the performance against the annual budget and make any minor adjustments in the budget as may be required from time to time and report to the governing body.
- Ensure, as far as is within its competence, that the financial procedures and arrangements required by law, by the DfE, by the Auditors and by other authorities are in place and are being properly implemented. This function will be primarily undertaken by the Responsible Officer (RO), as defined in the Academies Financial handbook. The RO will be appointed by the Governing Body, on the advice of the Committee,

**GOVERNANCE STATEMENT (continued)**

---

and the RO Responsibilities and audit plan will be agreed by the Committee. The RO will report quarterly to the Committee. Any serious concerns, particularly any which relate to potential fraud or similar misconduct, shall be reported immediately to the Chair or, if relating to the conduct of the Chair, to the Vice Chair.

- Recommend to the Governing Body annually the appointment of auditors.
- Liaise with the Auditors as required and in particular consider the draft annual accounts in conjunction with them and recommend the accounts to the Governing Body.
- Ensure minutes of discussions, actions and/or recommendations are available and reported to the Governing Body.
- Approve and review a pay policy carrying out an annual review for all staff.
- Keep staffing structure under review.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A J Hunt, Headteacher	4	4
Mr J A McKenzie, Chair of Trustees	4	4
Mr P A J Lee	1	1
Mr J Bassett	2	2
Dr S Platten	0	0
Mr F Fletcher (Patron)	3	3

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

**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance, Personnel & Audit 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;

**GOVERNANCE STATEMENT (continued)**

---

- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mrs V Rowe as Responsible Officer (RO).

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

During the period 1 September 2012 to 31 August 2013 the RO prepared four reports for the Board of Trustees. There were no significant causes for concern.

**REVIEW OF EFFECTIVENESS**

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

- the work of the Responsible Officer;
- the work of the external auditors;
- 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 Responsible Officer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13.12.13 and signed on their behalf, by:

  
**Mr J A McKenzie**  
Chair of Trustees

  
**Mr A J Hunt**  
Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Harrowbarrow School I have considered my responsibility to notify the academy board of trustees 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 board of trustees 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 no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**Mr A J Hunt**  
Accounting Officer

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

**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

---

The Trustees (who act as governors of Harrowbarrow School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees and signed on its behalf by:

  
**Mr J A McKenzie**  
Chair of Trustees

Date: 13/12/13



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

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

We have audited the financial statements of Harrowbarrow School for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is 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 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 TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (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 Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 year 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

---

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' 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  
19 December 2013

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

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HARROWBARROW SCHOOL AND THE EDUCATION FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 4 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 Harrowbarrow School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 REPORTING 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 extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

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

---

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.



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

19 December 2013

**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 YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Transfer from local authority on conversion	2	-	-	-	-	1,005,863
Other voluntary income	2	1,063	688	-	1,751	3,530
Activities for generating funds	3	9,235	2,255	-	11,490	16,171
Investment income	4	144	-	-	144	60
Incoming resources from charitable activities	5	7,399	490,728	1,050	499,177	519,668
<b>TOTAL INCOMING RESOURCES</b>		<b>17,841</b>	<b>493,671</b>	<b>1,050</b>	<b>512,562</b>	<b>1,545,292</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		24,999	484,207	44,430	553,636	435,729
Governance costs	7	-	17,394	-	17,394	35,969
<b>TOTAL RESOURCES EXPENDED</b>	10	<b>24,999</b>	<b>501,601</b>	<b>44,430</b>	<b>571,030</b>	<b>471,698</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>(7,158)</b>	<b>(7,930)</b>	<b>(43,380)</b>	<b>(58,468)</b>	<b>1,073,594</b>

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

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>Note</b>	<b>Unrestricted funds 2013 £</b>	<b>Restricted funds 2013 £</b>	<b>Restricted fixed asset funds 2013 £</b>	<b>Total funds 2013 £</b>	<b>Total funds 2012 £</b>
Transfers between Funds	20	-	5,224	(5,224)	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>(7,158)</b>	<b>(2,706)</b>	<b>(48,604)</b>	<b>(58,468)</b>	1,073,594
Actuarial gains and losses on defined benefit pension schemes		-	2,000	-	2,000	(14,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(7,158)</b>	<b>(706)</b>	<b>(48,604)</b>	<b>(56,468)</b>	1,059,594
Total funds at 1 September 2012		70,539	(17,390)	1,006,445	1,059,594	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>63,381</b>	<b>(18,096)</b>	<b>957,841</b>	<b>1,003,126</b>	1,059,594

All activities relate to continuing operations.

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

The notes on pages 23 to 41 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £	2012 £
<b>FIXED ASSETS</b>				
Tangible assets	16		957,841	1,001,221
<b>CURRENT ASSETS</b>				
Stocks	17	237		437
Debtors	18	31,663		65,332
Cash at bank		119,349		130,310
		<u>151,249</u>		<u>196,079</u>
<b>CREDITORS:</b> amounts falling due within one year	19	(73,964)		(103,706)
<b>NET CURRENT ASSETS</b>			<u>77,285</u>	<u>92,373</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,035,126</u>	<u>1,093,594</u>
Defined benefit pension scheme liability	25	(32,000)		(34,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>1,003,126</u></u>	<u><u>1,059,594</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
General funds	20	13,904		16,610
Fixed asset funds	20	957,841		1,006,445
Restricted funds excluding pension liability		<u>971,745</u>		<u>1,023,055</u>
Pension reserve		<u>(32,000)</u>		<u>(34,000)</u>
Total restricted funds			<u>939,745</u>	<u>989,055</u>
Unrestricted funds	20		<u>63,381</u>	<u>70,539</u>
<b>TOTAL FUNDS</b>			<u><u>1,003,126</u></u>	<u><u>1,059,594</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on <sup>13/12/13</sup> and are signed on their behalf, by:

  
**Mr J A McKenzie**  
Chair of Trustees

The notes on pages 23 to 41 form part of these financial statements.

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>Note</b>	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Net cash flow from operating activities	22	<b>(43,311)</b>	67,215
Returns on investments and servicing of finance	23	<b>144</b>	60
Capital expenditure and financial investment	23	<b>32,206</b>	(7,730)
Cash transferred on conversion to an academy trust		-	70,765
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(10,961)</b>	<b>130,310</b>

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

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
(Decrease)/Increase in cash in the year	<b>(10,961)</b>	<b>130,310</b>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(10,961)</b>	<b>130,310</b>
Net funds at 1 September 2012	<b>130,310</b>	-
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>119,349</b>	<b>130,310</b>

The notes on pages 23 to 41 form part of these financial statements.



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

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

---

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**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 Trustees.

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 YEAR ENDED 31 AUGUST 2013**

---

**1. ACCOUNTING POLICIES (continued)**

**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.

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 and it is measurable.

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.

**1.4 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 Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.5 GOING CONCERN**

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

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

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

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

**1.7 OPERATING LEASES**

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

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.

**1.8 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.

**1.9 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.

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

**1. ACCOUNTING POLICIES (continued)**

**1.10 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.

**1.11 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 25, 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.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Transfer from local authority on conversion	-	-	-	1,005,863
Donations	1,063	688	1,751	3,530
Voluntary income	1,063	688	1,751	1,009,393

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

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

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Lettings	-	-	-	116
Fees received	3,989	-	3,989	3,118
Other	5,246	2,255	7,501	12,937
	<u>9,235</u>	<u>2,255</u>	<u>11,490</u>	<u>16,171</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank interest	144	-	144	60
	<u>144</u>	<u>-</u>	<u>144</u>	<u>60</u>

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
Capital grants	-	30,996	30,996	67,182
General Annual Grant	-	446,615	446,615	416,139
Start up grants	-	-	-	25,000
Pupil Premium	-	11,991	11,991	10,313
Other Dfe/EFA grants	-	1,500	1,500	1,034
	<u>-</u>	<u>491,102</u>	<u>491,102</u>	<u>519,668</u>
<b>Other funding</b>				
Internal catering income	7,399	-	7,399	-
Other curriculum income	-	676	676	-
	<u>7,399</u>	<u>676</u>	<u>8,075</u>	<u>-</u>
	<u>7,399</u>	<u>491,778</u>	<u>499,177</u>	<u>519,668</u>

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

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

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Education	24,999	528,637	553,636	435,729

**7. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	5,087	5,087	4,750
Auditors' non audit costs	-	4,100	4,100	-
Responsible Officer costs	-	590	590	-
Legal and professional	-	68	68	29
Other costs	-	249	249	25,340
Wages and salaries	-	7,300	7,300	5,850
	-	17,394	17,394	35,969

**8. DIRECT COSTS**

	Total 2013 £	Total 2012 £
Educational supplies	9,838	10,637
Staff development	3,873	5,291
Other costs	18,292	5,952
Technology costs	2,699	1,956
Wages and salaries	257,681	229,981
National insurance	16,569	14,543
Pension cost	34,845	28,373
Depreciation	37,953	31,478
	381,750	328,211

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

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

**9. SUPPORT COSTS**

	<b>Total 2013 £</b>	<b>Total 2012 £</b>
Other costs	5,275	3,253
Recruitment and other staff costs	154	332
Maintenance of premises and equipment	56,179	21,124
Cleaning	1,721	1,637
Rent and rates	7,312	4,878
Heat and light	6,573	5,518
Insurance	7,999	5,982
Security and transport	467	91
Catering	10,743	1,350
Technology costs	7,231	8,417
Office overheads	2,348	2,014
Legal and professional	7,556	2,925
Bank interest and charges	25	-
(Profit) / Loss on disposal of fixed assets	2,260	-
Wages and salaries	42,750	38,817
National insurance	1,753	1,429
Pension cost	7,323	6,253
Depreciation	4,217	3,498
	<b>171,886</b>	<b>107,518</b>

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

	<b>Staff costs 2013 £</b>	<b>Premises 2013 £</b>	<b>Other costs 2013 £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
Direct costs - Education	309,095	23,571	49,084	381,750	328,211
Support costs - Education	51,826	74,404	45,656	171,886	107,518
<b>CHARITABLE ACTIVITIES</b>	<b>360,921</b>	<b>97,975</b>	<b>94,740</b>	<b>553,636</b>	<b>435,729</b>
<b>GOVERNANCE</b>	<b>7,300</b>	<b>-</b>	<b>10,094</b>	<b>17,394</b>	<b>35,969</b>
	<b>368,221</b>	<b>97,975</b>	<b>104,834</b>	<b>571,030</b>	<b>471,698</b>

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

	<b>Activities undertaken directly 2013 £</b>	<b>Support costs 2013 £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
Education	381,750	171,886	553,636	435,729

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

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

**12. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>42,170</b>	34,975
Auditors' remuneration	<b>5,087</b>	4,750
Operating leases	<b>561</b>	561
	<b><u>47,718</u></b>	<b><u>40,286</u></b>

**13. STAFF COSTS**

Staff costs were as follows:

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Wages and salaries	<b>307,731</b>	274,649
Social security costs	<b>18,322</b>	15,972
Pension costs	<b>42,168</b>	34,626
	<b><u>368,221</u></b>	<b><u>325,247</u></b>

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:

	<b>Year ended 31 August 2013 No.</b>	<b>Period ended 31 August 2012 No.</b>
Teachers	<b>4</b>	4
Headteacher	<b>1</b>	1
Business Manager	<b>1</b>	1
Teaching Assistants	<b>4</b>	4
Lunchtime Supervisors	<b>1</b>	1
Site Staff	<b>1</b>	1
	<b><u>12</u></b>	<b><u>12</u></b>

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



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

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

**14. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 2 Trustees (2012: 3) in respect of defined benefit pension schemes.

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration fell within the following bands: Mr A J Hunt, Headteacher, between fifty five thousand and sixty thousand pounds (2012: between fifty and fifty five thousand pounds), Mr A M Goodright between forty and forty five thousand pounds (2012: between thirty and thirty five thousand pounds) and Mrs L A Marsh nil (2012: between five and ten thousand pounds).

During the year, no Trustees received any benefits in kind (2012: £NIL).

During the year, no Trustees received any reimbursement of expenses (2012: £NIL).

**15. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees 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 year ended 31 August 2013 was £215 (2012: £250).

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

**16. TANGIBLE FIXED ASSETS**

	<b>L/Term Leasehold Property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>COST</b>				
At 1 September 2012	978,756	48,885	8,555	1,036,196
Additions	-	-	1,050	1,050
Disposals	-	(3,390)	-	(3,390)
At 31 August 2013	978,756	45,495	9,605	1,033,856
<b>DEPRECIATION</b>				
At 1 September 2012	18,023	14,579	2,373	34,975
Charge for the year	26,190	13,449	2,531	42,170
On disposals	-	(1,130)	-	(1,130)
At 31 August 2013	44,213	26,898	4,904	76,015
<b>NET BOOK VALUE</b>				
At 31 August 2013	934,543	18,597	4,701	957,841
At 31 August 2012	960,733	34,306	6,182	1,001,221

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

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

**17. STOCKS**

	<b>2013</b>	2012
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<b>237</b>	437

**18. DEBTORS**

	<b>2013</b>	2012
	<b>£</b>	<b>£</b>
Prepayments and accrued income	<b>20,617</b>	62,612
Tax recoverable	<b>11,046</b>	2,720
	<b>31,663</b>	65,332

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

	<b>2013</b>	2012
	<b>£</b>	<b>£</b>
Trade creditors	<b>47,955</b>	11,163
Other taxation and social security	<b>10,436</b>	10,293
Accruals and deferred income	<b>15,573</b>	82,250
	<b>73,964</b>	103,706

**DEFERRED INCOME**

	<b>£</b>
Deferred income at 1 September 2012	<b>6,110</b>
Resources deferred during the year	<b>7,327</b>
Amounts released from previous years	<b>(6,110)</b>
Deferred income at 31 August 2013	<b>7,327</b>

At the balance sheet date the academy trust was holding funds received in advance for an educational trip being held in the autumn term 2013. In addition, they were holding funds received in advance for the 2013/14 academic year.

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

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

**20. STATEMENT OF FUNDS**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>UNRESTRICTED FUNDS</b>						
General funds	<b>70,539</b>	<b>17,841</b>	<b>(24,999)</b>	-	-	<b>63,381</b>
<b>RESTRICTED FUNDS</b>						
	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
General Annual Grant (GAG)	<b>15,431</b>	<b>446,615</b>	<b>(448,142)</b>	-	-	<b>13,904</b>
Other EFA grant	-	<b>1,500</b>	<b>(1,500)</b>	-	-	-
Donations	<b>145</b>	<b>688</b>	<b>(833)</b>	-	-	-
Pupil Premium	-	<b>11,991</b>	<b>(11,991)</b>	-	-	-
Capital Grants: repairs and renewals	-	<b>29,946</b>	<b>(35,170)</b>	<b>5,224</b>	-	-
Other LA funding	<b>1,034</b>	-	<b>(1,034)</b>	-	-	-
Insurance claims	-	<b>2,255</b>	<b>(2,255)</b>	-	-	-
Other curriculum income	-	<b>676</b>	<b>(676)</b>	-	-	-
Pension reserve	<b>(34,000)</b>	-	-	-	<b>2,000</b>	<b>(32,000)</b>
	<b>(17,390)</b>	<b>493,671</b>	<b>(501,601)</b>	<b>5,224</b>	<b>2,000</b>	<b>(18,096)</b>

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

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

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

**RESTRICTED FIXED ASSET FUNDS**

	<b>Brought Forward</b> £	<b>Incoming resources</b> £	<b>Resources Expended</b> £	<b>Transfers in/out</b> £	<b>Gains/ (Losses)</b> £	<b>Carried Forward</b> £
Fixed assets transferred on conversion	<b>928,224</b>	-	<b>(34,191)</b>	-	-	<b>894,033</b>
Devolved Formula Capital	<b>5,559</b>	<b>1,050</b>	<b>(199)</b>	<b>(5,224)</b>	-	<b>1,186</b>
Fixed assets purchased from GAG and other restricted funds	<b>7,662</b>	-	<b>(1,915)</b>	-	-	<b>5,747</b>
Academy capital maintenance grant	<b>65,000</b>	-	<b>(8,125)</b>	-	-	<b>56,875</b>
	<b>1,006,445</b>	<b>1,050</b>	<b>(44,430)</b>	<b>(5,224)</b>	-	<b>957,841</b>
Total restricted funds	<b>989,055</b>	<b>494,721</b>	<b>(546,031)</b>	-	<b>2,000</b>	<b>939,745</b>
Total of funds	<b>1,059,594</b>	<b>512,562</b>	<b>(571,030)</b>	-	<b>2,000</b>	<b>1,003,126</b>

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

General Annual Grant - Income from the EFA which is to be use for the normal running costs of the Academy, including education and support costs.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Pension reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Devolved formula capital - This represent funding from the EFA to cover the maintenance and purchase of the schools assets.

Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Capital Grants: Repairs and Renewals - These funds were received for direct expenditure on repairs, renewals and refurbishment costs not capitalised as fixed assets in the accounts.

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.

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

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

**SUMMARY OF FUNDS**

	<b>Brought Forward</b> £	<b>Incoming resources</b> £	<b>Resources Expended</b> £	<b>Transfers in/out</b> £	<b>Gains/ (Losses)</b> £	<b>Carried Forward</b> £
General funds	70,539	17,841	(24,999)	-	-	63,381
Restricted funds	(17,390)	493,671	(501,601)	5,224	2,000	(18,096)
Restricted fixed asset funds	1,006,445	1,050	(44,430)	(5,224)	-	957,841
	<u>1,059,594</u>	<u>512,562</u>	<u>(571,030)</u>	<u>-</u>	<u>2,000</u>	<u>1,003,126</u>

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

	<b>Unrestricted funds</b> <b>2013</b> £	<b>Restricted funds</b> <b>2013</b> £	<b>Restricted fixed asset funds</b> <b>2013</b> £	<b>Total funds</b> <b>2013</b> £	<b>Total funds</b> <b>2012</b> £
Tangible fixed assets	-	-	957,841	957,841	1,001,221
Current assets	63,524	71,799	15,926	151,249	196,079
Creditors due within one year	(143)	(57,895)	(15,926)	(73,964)	(103,706)
Provisions for liabilities and charges	-	(32,000)	-	(32,000)	(34,000)
	<u>63,381</u>	<u>(18,096)</u>	<u>957,841</u>	<u>1,003,126</u>	<u>1,059,594</u>

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

	<b>Year ended</b> <b>31 August</b> <b>2013</b> £	<b>Period ended</b> <b>31 August</b> <b>2012</b> £
Net incoming resources before revaluations	(58,468)	1,073,594
Returns on investments and servicing of finance	(144)	(60)
Net assets transferred on conversion	-	(939,284)
Cash transferred on conversion	-	(70,765)
Depreciation of tangible fixed assets	42,170	34,975
Capital grants from DfE	(30,996)	(67,182)
Decrease/(increase) in stocks	200	(437)
Decrease/(increase) in debtors	33,669	(65,332)
(Decrease)/increase in creditors	(29,742)	103,706
Defined benefit pension scheme adjustments	-	(2,000)
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS</b>	<u>(43,311)</u>	<u>67,215</u>

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

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

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	144	60
	<u>144</u>	<u>60</u>
	Year ended 31 August 2013 £	Period ended 31 August 2012 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(1,050)	(74,912)
Reclassification of tangible fixed assets	2,260	-
Capital grants from DfE	30,996	67,182
	<u>32,206</u>	<u>(7,730)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>	<b>32,206</b>	<b>(7,730)</b>

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

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	130,310	(10,961)	-	119,349
<b>NET FUNDS</b>	<b>130,310</b>	<b>(10,961)</b>	<b>-</b>	<b>119,349</b>

**25. 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 related to the period ended 31 March 2004 and of the LGPS 31 August 2013.

Contributions amounting to £1,460 were payable to the scheme at 31 August 2013 (2012: £1,349) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by

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

---

**25. PENSION COMMITMENTS (continued)**

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.

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

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

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

---

**25. PENSION COMMITMENTS (continued)**

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.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £17,000, of which employer's contributions totalled £13,000 and employees' contributions totalled £4,000. The agreed contribution rates for future years are 21.3% for employers and 5.5 to 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.

The amounts recognised in the Balance sheet are as follows:

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Present value of funded obligations	<b>(145,000)</b>	(120,000)
Fair value of scheme assets	<b>113,000</b>	86,000
Net liability	<b>(32,000)</b>	(34,000)



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

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

**25. PENSION COMMITMENTS (continued)**

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

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Current service cost	<b>(13,000)</b>	(9,000)
Interest on obligation	<b>(5,000)</b>	(4,000)
Expected return on scheme assets	<b>5,000</b>	4,000
<b>Total</b>	<b>(13,000)</b>	(9,000)

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

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Opening defined benefit obligation	<b>120,000</b>	-
Current service cost	<b>13,000</b>	9,000
Interest cost	<b>5,000</b>	4,000
Contributions by scheme participants	<b>4,000</b>	3,000
Actuarial Losses	<b>3,000</b>	19,000
Liability transferred on conversion	-	85,000
<b>Closing defined benefit obligation</b>	<b>145,000</b>	120,000

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

	<b>Year ended 31 August 2013 £</b>	<b>Period ended 31 August 2012 £</b>
Opening fair value of scheme assets	<b>86,000</b>	-
Expected return on assets	<b>5,000</b>	4,000
Actuarial gains and (losses)	<b>5,000</b>	5,000
Contributions by employer	<b>13,000</b>	11,000
Contributions by employees	<b>4,000</b>	3,000
Asset transferred on conversion	-	63,000
<b>Total</b>	<b>113,000</b>	86,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £2,000 (2012: £(14,000)).

The academy expects to contribute £14,000 to its Defined benefit pension scheme in 2014.

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

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

**25. PENSION COMMITMENTS (continued)**

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

	<b>2013</b>	<b>2012</b>
Equities	<b>63.00 %</b>	67.00 %
Bonds	<b>25.00 %</b>	17.00 %
Property	<b>5.00 %</b>	7.00 %
Cash	<b>7.00 %</b>	9.00 %

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

	<b>2013</b>	<b>2012</b>
Discount rate for scheme liabilities	<b>4.60 %</b>	4.10 %
Expected return on scheme assets at 31 August	<b>5.60 %</b>	4.80 %
Rate of increase in salaries	<b>5.10 %</b>	4.50 %
Rate of increase for pensions in payment / inflation	<b>2.80 %</b>	2.20 %

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

	<b>2013</b>	<b>2012</b>
Retiring today		
Males	<b>21.3 years</b>	21.3 years
Females	<b>23.4 years</b>	23.4 years
Retiring in 20 years		
Males	<b>23.2 years</b>	23.2 years
Females	<b>25.6 years</b>	25.6 years

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Defined benefit obligation	<b>(145,000)</b>	(120,000)
Scheme assets	<b>113,000</b>	86,000
Deficit	<b>(32,000)</b>	(34,000)
Experience adjustments on scheme liabilities	<b>(3,000)</b>	(19,000)
Experience adjustments on scheme assets	<b>5,000</b>	5,000

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

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

**26. OPERATING LEASE COMMITMENTS**

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

	<b>Land and buildings</b>			<b>Other</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>EXPIRY DATE:</b>				
Within 1 year	-	-	<b>420</b>	-
Between 2 and 5 years	-	-	-	561
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**27. 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, it is inevitable that transactions will take place with organisations in which a member of the board of trustees 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. No related party transactions took place in the period of account.

**28. CONTROLLING PARTY**

There is no ultimate controlling party.

