

Havelock Academy (A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2010

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Registered Number 6182612
Charity Registration Number 1120265

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Havelock Academy (A Company Limited by Guarantee)

Report of the Trustees 31 August 2010

Reference and administration information

Trustees

David PJ Ross	Sponsor
David Overton	
Frederick W Wood	
Timothy M Hastie-Smith	
Alan G Hancock	
Richard SG Grigson (resigned 15 October 2009)	

Governing Body

Frederick W Wood	Chair
Mrs Helen Andrews	
Mrs Anita Bott	
Richard SG Grigson (resigned 15 October 2009)	
Lady Shan Hazlerigg	
Councillor Stephen Hocknell	Local authority governor
Peter Maxworthy	Non-teacher staff governor
Mrs Sue Neull	Parent governor
David Overton	
Nicholas JB O'Sullivan	Principal
Adam Pettitt	
Paul Styles	Teacher governor

DfE Observer

Emma Morley

Company Secretary

Mark Ibbertson

Registered Office

Havelock Academy
Holyoake Road
Grimsby
DN32 8JL

Principal Office

Havelock Academy
Holyoake Road
Grimsby
DN32 8JL

Registered Company Number

6182612

Registered Charity Number

1120265

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds LS1 4DW

Solicitors

Wilkin Chapman Grange Solicitors
New Oxford House
Town Hall Square
Grimsby DN31 1HE

Bankers

Lloyds TSB Bank plc
Old Market Place
Grimsby Branch
PO Box 1000
BX1 1LT

Bank of Scotland plc
600 Gorge Road
Edinburgh
EH11 3XP

National Westminster Bank plc
66 Victoria Street
Grimsby
DN31 1BP

The trustees present their report together with the financial statements of the charitable company for the year ended 31 August 2010

The financial statements have been prepared in accordance with the accounting policies on pages 17 to 20 of this document, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statements of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005'). The trustees' annual report and financial statements incorporate the results of Havelock Academy (the "Academy") including the Havelock Academy Endowment Fund ("the Endowment Fund"). The trustees consider that the Academy has adequate resources to continue in business for the foreseeable future and that, for this reason, it should continue to adopt the going concern basis in preparing the financial statements. Further details are contained in the basis of preparation on page 17.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee with no share capital (registration no 6182612) and a registered charity (registration no 1120265). The Academy was incorporated on 26 March 2007 and commenced trading on 1 September 2007. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by David Ross, the main sponsor of the Academy. The articles of association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The Academy has entered into a funding agreement with the Department for Children, Schools and Families, which provides the framework within which the Academy must operate. The Havelock Endowment Fund has been established in accordance with a deed of gift and declaration of trust, agreed between the Academy, the David Ross Foundation, and the Department for Children, Schools and Families.

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 he/she ceases to be a member.

Governance

The Academy is governed by the Trustee board which delegates functions as appropriate to a Local Governing Body who are appointed by the Trustees as a committee. Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The trustees and governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the school. The trustees are appointed by the Academy sponsor, the trustee board may appoint up to three co-opted trustees, and the Secretary of State for Children, Schools and Families may appoint trustees in exceptional circumstances. No trustees were co-opted nor were appointments made by the Secretary of State in 2009/2010. Trustees may be removed by the person or persons who appointed them.

The trustees and governors who were in office at 31 August 2010 and served throughout the period, are listed on page 1

During the period under review the governors held six meetings. The trustees met on four occasions. All governors are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. A full day training session was held for all Governors and Trustees on 23 September 2010, which dealt with governance, including succession planning, challenge, risk, key values and success factors for the Academy.

Richard Grigson stood down as a trustee and a governor on 15 October 2009. Alan Hancock and Timothy Hastie-Smith were appointed as trustees at that time.

Organisational Structure

The organisational structure of the Academy consists of three levels: The Trustees, Governors, and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments. The governors are responsible for monitoring the performance of the Principal and Senior Leadership Team on a regular basis.

The Senior Leadership Team members for Havelock Academy are the Principal, four Executive Directors, and nine Directors. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Principal authorises all orders within the Academy. A new Academy in Northampton, Malcolm Arnold Academy, opened on 1 September 2010, with its own governing body and leadership team.

Permanent Endowment Fund

The Academy trust maintains the Havelock Academy Endowment Fund (Charity registration number 1120265-1). The Fund was created to hold the endowment to be paid by the Academy's sponsor, the David Ross Foundation, and will total £2 million when it is fully paid. Payments are made in accordance with a payment schedule agreed with the Department for Education (formerly the Department for Children, Schools, and Families), with payments phased over a five year period. The trustees are responsible for determining the specific uses of Endowment Fund income, a permanent endowment fund, which will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Education.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school 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 school grounds) and internal

financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the system of internal finance control

As trustees, we acknowledge we have overall responsibility for ensuring that Havelock Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurances that:

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

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- Regular reviews of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The governors at Havelock Academy have appointed Helen Andrews, a governor, as Responsible Officer (RO). The new Malcolm Arnold Academy appointed its own Responsible Officer from its governing body with effect from 1 September 2010. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO reports to the governing body at each meeting on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor.

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

Objectives and Activities

Objects, Aims and Objectives

The principal object and activity of the charitable company to 31 August 2010 was the operation of the Havelock Academy to provide education for pupils of different abilities between the ages of 11 and 19, and the preparation of Malcolm Arnold Academy which opened on 1 September 2010. The Academy trust is able to expand to open further Academies in the secondary sector and also to work with and develop Academies in the primary sector, particularly within the catchment areas of the secondary Academies.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Trust's Academies, the catchment area from which the students are drawn, and the development of the curriculum, which may follow the national curriculum or may implement the international programmes, MYP, IBD, and IBCC.

The main objectives of the Academy during the period ended 31 August 2010 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all pupils
- 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 comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Strategies and Activities

The Academy's main strategy is encompassed in its mission statement 'Broadening Horizons'

- where each child learns confidence in community
- where each young person takes responsibility
- where every academician is treated as an individual

To this end the Academy aims to

- Pursue academic excellence and to create a culture of high achievement
- Raise educational standards and individual achievement
- Enhance the overall development of young people in the five aspects of the "every child matters agenda" through the development of a House system which provides high levels of support, care, and welfare
- Ensure high quality teaching and support for learning which uses the best possible techniques and approaches
- Develop appropriately personalised pathways through the curriculum which ensure both breadth and balance and the opportunity to develop special skills and talents
- Provide high levels of pastoral care, personal coaching and family support with an emphasis on individual student needs

- Provide structured opportunities for extension and broadening of experience beyond the limits of the local area
- Ensure regular participation and achievement in physical activity and sport
- Champion the development of self esteem and self worth in each student leading to high levels of personal enterprise
- Bring about collaborative partnerships for learning with a range of other organisations

Human Equalities Policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making resources available and through training and career development.

Review of the significant activities undertaken by the charity during the relevant financial year to further its charitable purposes for the public benefit

In setting our objectives and planning our activities the governors and trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The catchment of the Academy in Grimsby includes some of the most deprived areas of North East Lincolnshire and indeed of the country. Students are admitted in accordance with the admissions policy agreed with the Department for Education (DfE), which is based on the Academy's catchment area. Students are able to study a wide range of subjects, and the Middle Years Programme of the International Baccalaureate is taking shape in the Academy, offering the chance for all students to demonstrate their abilities and their potential. In addition the Academy offers a range of activities and experiences (co-curricular activities) for its students, funded from donations and other non-restricted income, which help our students to broaden their horizons beyond the immediate area.

2009/2010 was the third academic year of the Academy. Total students in the period ended 31 August 2010 numbered 918, with 849 students out of a capacity in the first five forms of 900.

The Academy's students and staff worked well together to sustain improvements in performance - in the summer of 2010, at GCSE, 41% of students achieved five GCSEs at grades A-C including Mathematics and English, (in 2009 this was 40%). Student attendance exceeded 94.7% for the year, compared with just over 93% for 2008/2009.

The Academy's co-curricular programme developed strongly during the year, work was carried out to embed the Middle Years Programme of the International Baccalaureate into the Academy, and preparatory work to introduce the International Baccalaureate Diploma and the Career related Certificate continued. On 3 August 2010 the Academy was awarded World School status, following a successful inspection by the International Baccalaureate Organisation.

During the year the Academy Trust worked towards the opening of Malcolm Arnold Academy in Northampton. The Academy opened on 1 September 2010, and serves a catchment of high deprivation.

Financial Review

Financial report for the period

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2010 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

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

Work is in progress on the new build project for Havelock Academy. Whilst the costs and project management of the main building project are dealt with by the local authority, Havelock Academy is responsible for arranging and paying for the refurbishment of ICT for the new build, and for setting up a managed service for ICT support once the build is complete. The costs of the refurbishment will be met by specific DfE grant, and in the year 2009/2010 the first receipts of grant, and the first payments out to the Academy's ICT contractor, were made. These costs incurred and income received to the end of the year are shown as a separate restricted fund in the statement of financial activities.

During 2009/2010 the Academy Trust agreed to take on a further Academy, which opened as the Malcolm Arnold Academy in Northampton on 1 September 2010. The new Academy forms part of the same trust as Havelock Academy, with the same trustees, company registration and charitable registration. Malcolm Arnold Academy did not carry out any expenditure or receive any income during the period ended 31 August 2010, but the Trust did establish a project team, funded by the DfE, to steer through the transition from a closing school to a new Academy. The associated costs and income of this activity are shown as a separate column in the statement of financial activities.

During the period ended 31 August 2010, total expenditure of £8,092,000 was less than recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period (including the permanent endowment received of £375,000) was £348,000.

At 31 August 2010 the net book value of fixed assets was £139,000 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £481,000, compared with a net liability of £472,000 as at 31 August 2009.

The first three instalments of the sponsor's endowment have now been received. Remaining payments are expected to be made in accordance with the following payments schedule:

1 September 2010	£375,000 – received on the due date
1 September 2011	£375,000

Detail is still awaited on future funding for the Trust's Academies from April 2011 onwards. Pupil numbers are expected to continue to grow, and Havelock Academy has increased its pupil admission number from 180 to 192 from September 2011. Whilst this will generate additional grant funding, the impact of national spending cuts and of redirecting funding into the pupil premium for example, may have an adverse effect on grant funding. For the moment the Academy's five year plan projects a small ongoing cumulative surplus from 2010/2011, but a reduction in grant funding will be sufficient to

negate this balance Malcolm Arnold Academy will receive start up grants for the first four years of its operation, which will keep the Academy in surplus for that period

Reserves Policy and Financial Position

Reserves Policy

The Academy's "free" reserves are its funds after excluding restricted funds and the permanent endowment fund "Reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure More specifically "free reserves" represent income to the Academy which is to be spent at the trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated

The Academy is in a development phase – student numbers are increasing up to the Academy's expected full capacity, the International Baccalaureate is being implemented, a new building is planned, and the Academy's co-curricular programme is developing Whilst demands on the Academy's free reserves will therefore vary over the coming years, the Academy's long-term policy is that the appropriate level of free reserves should be equivalent to one month's expenditure, currently estimated to be between £450,000 and £650,000 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 free reserves is £349,000 (2009 £366,000) which falls just short of the range stated above The Academy intends to continue building up free reserves to the level required

Investments Policy

The trustees agree all investments made by the Academy Investments are currently restricted to deposit accounts in UK banks, the Money Market, and to a number of corporate bonds Investments are made with regard to Charity Commission guidance in relation to investments

Financial Position

The Academy held fund balances at 31 August 2010 of £1,896,000, comprising £2,028,000 of restricted funds, a pension reserve deficit of £481,000, and £349,000 of unrestricted general funds

Payments to Suppliers

It is the policy of the Academy to agree terms of payment with their suppliers when the order for goods and services is placed and to adhere to these arrangements when making payment

Plans for Future Periods

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

The Academy will continue striving to improve the levels of performance of its students at all levels and continue its efforts to ensure its students get jobs or a place in higher education once they leave The Academy's agreed targets for 2009/2010 will shortly be agreed by its trustees and are expected to build on the Academy's successes in raising student attainment and improving behaviour, and facilitating increased participation in co-curricular activities

The Academy's sixth form opened in September 2008, and the sixth form is expected to grow over time, particularly once the International Baccalaureate can be offered to this age range There were 69 sixth formers in 2009/2010, the Academy's aim is to increase the total number of sixth formers towards 200 over time

Malcolm Arnold Academy opened in September 2010, and will seek to broaden the horizons of children and young people in Northampton. Further Academies, in the secondary education sector and also in the primary education sector, may open in the future. Whilst maintaining their own unique identities, the Academies within the Trust will work together where appropriate to explore and attain their common goals.

Disclosure of Information to Auditors

The trustees who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each trustee has taken all the steps that he ought to have taken as a trustee to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The annual report of the trustees was approved by the board of trustees on 8 February 2011 and was signed on its behalf by

FW Wood
Trustee and Chair of Governors



STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial period in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to

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

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities

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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Havelock Academy Limited

We have audited the financial statements of Havelock Academy Limited for the year ended 31 August 2010 set out on pages 13 to 33. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the Academy for the purposes of company law), responsibilities for preparing the Annual report and financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006 and with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education in respect of the relevant financial year. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Academy has not kept adequate accounting records, if the Academy's financial statements are not in agreement with the accounting records and returns, if grants made by the Department for Education have been applied for the purposes intended, if we have not received all the information and explanations we require for our audit, or if or if certain disclosures of Trustees' remuneration and transactions specified by law are not made.

We read the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for

our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

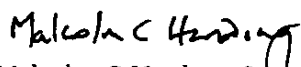
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Academy's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- a) the financial statements give a true and fair view of the state of the Academy's affairs at 31 August 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- b) the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- c) the financial statements have been prepared in accordance with the Companies Act 2006,
- d) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education in respect of the relevant financial year, and
- e) the information given in the Trustees' Report is consistent with the financial statements.



Malcolm C Harding (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 The Embankment

Neville Street

Leeds

LS1 4DW

8 February 2011

HAVELOCK ACADEMY
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2010

		Unrestricted Funds	Restricted Funds – Non- Fixed Assets	Restricted Funds – Malcolm Arnold project	Restricted funds - ICT	Restricted Fixed Asset Funds	Havelock Academy Endowment Fund	Total Year ended 31 August 2010 £000	Total Year ended 31 August 2009 £000
	Note	£000	£000	£000	£000	£000	£000		
Incoming Resources									
Incoming resources from generated funds									
Voluntary income	3	84	426	-	-	-	375	885	950
Activities for generating funds	4	157	60	488	-	-	-	705	138
Incoming resources from									
Charitable activities									
Investment income	5	40	-	-	-	-	-	40	56
Funding for the Academy's educational operations	6	<u>10</u>	<u>6,216</u>	<u>-</u>	<u>469</u>	<u>115</u>	<u>-</u>	<u>6,810</u>	<u>6,076</u>
Total incoming resources		<u>291</u>	<u>6,702</u>	<u>488</u>	<u>469</u>	<u>115</u>	<u>375</u>	<u>8,440</u>	<u>7,220</u>
Resources expended									
Charitable activities									
Academy's educational operations	8	(157)	(6,994)	(488)	(160)	(240)	-	(8,039)	(7,293)
Other finance costs	12	-	(15)	-	-	-	-	(15)	(11)
Governance costs	9	<u>(38)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38)</u>	<u>(104)</u>
Total resources expended	7	<u>(195)</u>	<u>(7,009)</u>	<u>(488)</u>	<u>(160)</u>	<u>(240)</u>	<u>-</u>	<u>8,092</u>	<u>(7,408)</u>
Net incoming/(outgoing)									
Resources before transfers		96	(307)	-	309	(125)	375	348	(188)
Loss transfers between funds	13	<u>(113)</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing)									
Resources before other									
Recognised gains and losses		(17)	(198)	-	309	(121)	375	348	(188)
Other recognised gains and losses									
Actuarial loss on defined pension benefit scheme	25	-	(103)	-	-	-	-	(103)	(214)
Change in market value of investments	18	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>	<u>22</u>
Net Movement in Funds		(17)	(301)	-	309	(121)	425	295	(380)
Funds brought forward		366	(150)	-	-	488	897	1,601	1,981
Funds carried forward at 31 August 2010		349	(451)	-	309	367	1,322	1,896	1,601

The results are wholly derived from the continuing operations of the Academy

HAVELOCK ACADEMY
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 August 2010

		Year ended 31 August 2010 £000s	Year ended 31 August 2009 £000s
	Note		
Income			
General Annual Grant (GAG)	6	5,483	5,135
DfE capital grants	6	584	116
Other DfE grants	6	666	679
Other Government grants	6	77	146
Private sponsorship and donations	3	510	575
Permanent endowment	3	375	375
Bank interest	5	40	56
Other income	4	<u>705</u>	<u>138</u>
Total income		<u>8,440</u>	<u>7,220</u>
Expenditure			
General Annual Grant (GAG) related expenditure		(6,937)	(6,628)
Other DfE grant expenditure		(648)	(224)
Other grant expenditure		(10)	(146)
Depreciation	17	(240)	(192)
Other expenditure		<u>(257)</u>	<u>(218)</u>
Total expenditure	7	<u>(8,092)</u>	<u>(7,408)</u>
Excess of income over expenditure/(income over income)		<u>348</u>	<u>(188)</u>

The surplus/(deficit) for the period is the surplus/(deficit) on an historical cost basis

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 August 2010

		Year ended 31 August 2010 £000s	Year ended 31 August 2009 £000s
Excess of income over expenditure/(expenditure over income)		348	(188)
Actuarial losses on defined benefit pension scheme	25	(103)	(214)
Change in market value of investments	18	<u>50</u>	<u>22</u>
Total recognised gains and losses for the period		<u>295</u>	<u>(380)</u>
Net movement to funds			
Restricted funds – Endowment		425	397
Restricted funds – non-fixed assets		(198)	(646)
Restricted funds – fixed assets		(121)	-
Restricted funds – ICT		309	-
Unrestricted funds		(17)	83
Pensions deficit		<u>(103)</u>	<u>(214)</u>
		<u>295</u>	<u>(380)</u>

The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 13 which, together with the notes to the financial statements on pages 17 to 33 provides full information on the movements during the period on all the funds of the Academy

All of the Academy's activities are derived from continuing operations during the above financial period

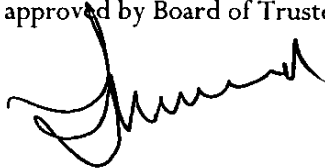


HAVELOCK ACADEMY
BALANCE SHEET AT 31 August 2010

	Note	2010 £000s	2009 £000s
Fixed assets			
Tangible assets	17	139	324
Investments	18	<u>545</u>	<u>317</u>
		<u>684</u>	<u>641</u>
Current assets			
Debtors	19	245	72
Cash at bank and in hand		<u>2,133</u>	<u>1,790</u>
		<u>2,378</u>	<u>1,862</u>
Current liabilities			
Creditors Amounts falling due within one year	20	<u>(685)</u>	<u>(430)</u>
Net current assets		<u>1,693</u>	<u>1,432</u>
Total assets less current liabilities		<u>2,377</u>	<u>2,073</u>
Net assets excluding defined benefit pension scheme liability		2,377	2,073
Defined benefit pension scheme liability	25	<u>(481)</u>	<u>(472)</u>
Net assets including defined benefit pension scheme liability		<u>1,896</u>	<u>1,601</u>
Funds			
Restricted funds			
Permanent endowment	21	1,322	897
Restricted fixed asset fund	21	367	488
Restricted fixed asset fund - ICT	21	309	
Restricted non-fixed asset fund – before defined benefit pension scheme liability	21	30	322
Defined benefit pension scheme liability	21	<u>(481)</u>	<u>(472)</u>
Restricted non-fixed asset fund – after defined benefit pension scheme liability		<u>(451)</u>	<u>(150)</u>
		<u>1,547</u>	<u>1,235</u>
Unrestricted funds			
Unrestricted fund	21	<u>349</u>	<u>366</u>
Total unrestricted funds		<u>349</u>	<u>366</u>
		<u>1,896</u>	<u>1,601</u>

The financial statements were approved by Board of Trustees on 8 February 2011 and were signed on its behalf by

FW Wood
Trustee and Chair of Governors



HAVELOCK ACADEMY

CASH FLOW STATEMENT For the year ended 31 August 2010

	Year ended 31 August 2010 £000s	Year ended 31 August 2009 £000s
Operating activities		
RECEIPTS		
Recurrent grants received from the DfE		
General Annual Grant (GAG)	5,483	5,135
Other grants	519	455
Other receipts from the DfE	616	224
Other receipts from Government	77	146
Private sponsorship	84	148
Other receipts	<u>705</u>	<u>138</u>
	7,484	6,246
PAYMENTS		
Staff costs	(5,189)	(4,590)
Other cash payments	<u>(2,251)</u>	<u>(2,095)</u>
	(7,440)	(6,685)
Net cash inflow/(outflow) from operating activities	44	(439)
Returns on investments and servicing of finance		
Interest received	24	-
Interest paid	<u>(15)</u>	<u>56</u>
	9	56
Capital income/(expenditure)		
Capital grants from DfE	115	116
Purchase of tangible fixed assets	-	(175)
Purchase of corporate bonds	<u>(200)</u>	<u>(295)</u>
	(85)	(354)
Decrease in cash	(32)	(737)
Management of liquid resources and financing		
Endowment funds receipt	375	-
Net increase/(decrease) in cash		
Reconciliation of net cash flow to movement in net funds	343	(737)
Increase/(decrease) in cash	343	(737)
Change in net funds		
Net funds at beginning of period	<u>1,790</u>	<u>2,527</u>
Net funds at end of period	<u>2,133</u>	<u>1,790</u>

NOTE TO THE CASHFLOW STATEMENT

For the year ended 31 August 2010

1	Analysis of changes in net funds	At 31 August 2009	Cash Flow	At 31 August 2010
		£000s	£000s	£000s
	Cash in hand and at bank	1,210	156	1,366
	Endowment cash at bank	<u>580</u>	<u>187</u>	<u>767</u>
		1,790	343	2,133

HAVELOCK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2010

Havelock Academy Principal Accounting Policies

Format of financial statements

The standard format for the financial statements as required by the Companies Act 2006 schedule 4 part I has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the Academy

Basis of preparation

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005

These financial statements aggregate the results of the Academy and its wholly owned permanent endowment fund on a line by line basis

The Academy's activities, together with the factors likely to affect its future development, performance and position are set out in the Trustees Report on pages 2 to 9 The Trustees Report and Accounts also contain details of the financial position of the Academy, its cash flows, its liquidity position and its free reserves The Academy meets its day to day working capital requirements through grant funding from the DfE The recently announced HM Treasury Spending Review and the Education White Paper create some uncertainty, particularly over the level and types of funding that will be available to the Academy after 1 September 2011 The Academy has received an indication of its funding through to 31 August 2011 and a final confirmation of 2011/2012 funding is expected before 31 March 2011 The Spending Review and White Paper have highlighted an intention to develop a simpler and more transparent funding system that will reduce the funding differences between similar schools in different areas It also proposes to reform the Local Authority Central Spend Equivalent Grant (LACSEG), and to review the funding of provision for pupils with special educational needs (SEN)

The Academy's forecasts and projections, taking account of reasonably possible changes in student numbers and expenditure in the business plan show that the Academy should be able to operate within its current available funds Further analysis has also been performed taking account of a range of reasonably possible changes in grant funding highlighted in the Spending Review and other commentary that shows that the Academy should still be able to operate within its current available funds, but that a review of expenditure may be required in certain scenarios

The directors have a reasonable expectation that the Academy has adequate resources to continue for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

Incoming resources

Income represents the amounts (excluding value added tax) derived from grants, sponsorship and donations The following accounting policies are applied to income

Funding for the Academy's educational operations

The Academy's educational operations are funded by a range of grants, that are included in the statement of financial activities on a receivable basis provided that any conditions attached to the donation of the grant have been fulfilled The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet

Voluntary income:

Sponsorship income

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

The Academy's sponsor, the David Ross Foundation, is committed to paying a total of £2 million as a permanent endowment for the Academy This endowment is to be paid over a five year period in

accordance with a schedule of payments agreed with the Department for Children, Schools, and Families. Each instalment will be recognised in the accounting period in which that instalment becomes due.

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material. Where the actual cost of the donated service or gift in kind can be ascertained, this is used as the value in the accounts. Where values have to be estimated they are calculated using the most appropriate proxy measure.

Activities for generating funds

The Academy receives income from letting out its swimming pool, sports hall, and sports pitches to private organisations outside school time. This is accounted for on a receivable basis.

Investment income – interest receivable

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

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity. All stocks are expensed as perishable.

Allocation of costs and transfers

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

Governance costs

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

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors. Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes as explained in note 21.

The Academy also administers the Havelock Academy Endowment Fund (charity registration number 1120265-1). The Fund was created to hold the permanent endowment to be paid by the Academy's sponsor, the David Ross Foundation, and will total £2 million when it is fully paid. The trustees are responsible for determining the specific uses of Endowment Fund unrestricted income, which will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Children, Schools and Families.

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Assets costing less than £1,000 are written off in the period of acquisition. All other assets are capitalised.

The Academy holds land and buildings on a lease from North East Lincolnshire Council, with a rental of one peppercorn a year to be paid. The current lease is for 3 years from 1 September 2007, and the accounts show a notional rental for the buildings based on building valuations compiled by the Valuation Office Agency. Construction of a new building began during 2009/2010, and on completion at the end of 2010/2011 the academy will enter into a 125 year lease for the entire site. Of the existing building stock, the swimming pool and sports hall will be retained and refurbished, and these buildings which are currently part of the existing 3 year lease will be included in the new 125 year lease. At this point all of the Academy premises will be valued and entered into the balance sheet and depreciated over their estimated useful life.

There were a number of assets transferred from North East Lincolnshire Council on 1 September 2007 that are still used by the academy and are expected to be until the move to the new buildings scheduled for September 2011. These assets are principally school furniture, office equipment and gallery display equipment, the majority of which were old. Inherited assets totalling £135,000 with an estimated individual value of over £1,000 were capitalised on 1 September 2007 and have been depreciated over a three year period.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Furniture and equipment 10 - 20%

Computer equipment and software 33%

All individual assets with a cost of less than £1,000 are written down in the period they are purchased.

The Academy inherited a number of assets from the predecessor school, for which no payment was made. These were valued at £135,000 and have been depreciated over three years commencing in 2007/2008. A notional donation of £135,000 has been written down simultaneously to fund this.

Investments

Investment assets are stated at their closing bid price.

Leased assets

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

The Academy's buildings are currently leased from North East Lincolnshire Council for a three year period on a peppercorn rent. The accounts show a notional rental of £426,000 based on building valuations compiled by the Valuation Office Agency, to reflect the fair value of the buildings, funded by a notional donation of the same amount. Upon completion of the new Academy premises during

2010/2011, the Academy will enter into a lease of 125 years with the Council, and the value of the premises will be reflected in the balance sheet and depreciated over time

Taxation

The academy is a registered charity and as such is a charity within the meaning of Section 506 (1) Taxes Act 1988, accordingly the academy is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 Taxes Act 1988 or Section 256 Taxation of Capital Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities

Pensions

Academy staff are members of one of two defined benefit schemes. More details of the schemes are given in note 25

Defined Benefit Schemes

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools, and Families. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the accounting period.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date.

Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

The deficit associated with the LGPS is presented within restricted funds to align the presentation with all income and expenditure related to the employees in the LGPS. The Academy has been presented with a memorandum of understanding from the DfE that should the Academy ever revert back to local government control then the pension deficit would also revert back to the local authority for future settlement.

HAVELOCK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2010

	Year ended 31 August 2010 £000s	Year ended 31 August 2009 £000s
1 GENERAL ANNUAL GRANT (GAG)		
Results and Carry Forward for the Period		
GAG brought forward from previous period	-	371
GAG allocation for current period	<u>5,239</u>	<u>4,811</u>
Total GAG available to spend	<u>5,239</u>	<u>5,182</u>
Recurrent expenditure from GAG	5,239	(5,106)
Fixed assets purchased from GAG	-	(76)
Total expenditure from GAG	<u>5,239</u>	<u>(5,182)</u>
GAG carried forward to next period	-	-
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	628	577
GAG to surrender to DfE	-	-
(12% rule breached if result is positive)	No breach	No breach
2 ACQUISITION		
<p>The Academy inherited the premises and contents of the predecessor school on 1 September 2007. The land and buildings are held on a three year lease from North East Lincolnshire Council, with a rental of one peppercorn a year to be paid. The accounts show a notional rental of £426,000 for the buildings based on building valuations compiled by the Valuation Office Agency. Construction of a new building is to begin during 2009/2010, and on completion during 2010/2011 the academy will enter into a 125 year lease for the entire site. Of the existing building stock, the swimming pool and sports hall will be retained and refurbished, and these buildings which are currently part of the existing 3 year lease will be included in the new 125 year lease. At this point all of the Academy premises will be valued and entered into the balance sheet and depreciated over time.</p> <p>The contents of the predecessor school were principally school furniture, office equipment and gallery display equipment, the majority of which were old. Assets totalling £135,000 with an individual estimated value of over £1,000 were capitalised on 1 September 2007 and have been depreciated over a three year period. All staff from the predecessor school transferred to the Academy when it opened. A pensions deficit of £195,000 transferred at the same time in respect of the non-teaching staff.</p>		
3 VOLUNTARY INCOME		
	Year ended 31 August 2010 £000s	Year ended 31 August 2009 £000s
Private sponsorship		
Foodvest	30	30
Sponsored Events	52	105
Miscellaneous donations	2	14
Academy premises – gift in kind donation from LEA	426	426
Permanent endowment	<u>375</u>	<u>375</u>
	<u>885</u>	<u>950</u>

4	ACTIVITIES FOR GENERATING FUNDS					
			Year ended 31	Year ended 31		
			August 2010	August 2009		
			£000s	£000s		
	Hire of facilities		54	58		
	Sundry income		163	80		
	Malcolm Arnold Academy project		<u>488</u>	<u>-</u>		
			<u>705</u>	<u>138</u>		
5	INVESTMENT INCOME		Year ended 31	Year ended 31		
			August 2010	August 2009		
			£000s	£000s		
	Bank interest		<u>40</u>	<u>56</u>		
6	FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS		Year ended 31	Year ended 31		
			August 2010	August 2009		
			£000s	£000s		
	Department for Children Schools and Families					
	General Annual Grant (GAG)		5,238	4,811		
	Startup A		43	41		
	Startup B		189	271		
	School Meals		<u>13</u>	<u>12</u>		
	Total GAG		<u>5,483</u>	<u>5,135</u>		
	Special grants - revenue		147	224		
	Standards Fund		<u>519</u>	<u>455</u>		
			<u>6,149</u>	<u>5,814</u>		
	Other Government grants					
	Funding via LEA		67	81		
	Heritage Lottery Fund		10	-		
	Specialist Schools and Academies Trust		<u>-</u>	<u>65</u>		
			<u>77</u>	<u>146</u>		
	Total funding for the Academy's educational operations – non-fixed assets		<u>6,226</u>	<u>5,960</u>		
	Capital grants		115	116		
	ICT special grant - capital		<u>469</u>	<u>-</u>		
	Total funding for the Academy's educational operations – fixed assets		<u>584</u>	<u>116</u>		
7	RESOURCES EXPENDED	Staff costs	Depreciation	Other	Total	Total 2009
		£000s	£000s	costs	2010	£000s
				£000s	£000s	
	Academy's educational operations					
	Direct costs	4,360		577	4,937	4,765
	Allocated support costs	744	239	2,119	3,102	2,528
	Governance costs including allocated support costs	-	-	38	38	104
	Other finance costs	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>11</u>
	Total resources expended	<u>5,104</u>	<u>239</u>	<u>2,749</u>	<u>8,092</u>	<u>7,408</u>

All support costs in 2009/2010 were judged to be in support of the Academy's educational operations

8	CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS	Year ended 31 August 2010	Year ended 31 August 2009
		£000s	£000s
	DIRECT COSTS		
	Teaching and educational support staff costs	4,360	4,130
	Educational supplies	217	214
	Examination fees	102	57
	Staff development	36	63
	Educational consultancy	18	21
	Other direct costs	<u>204</u>	<u>280</u>
		<u>4,937</u>	<u>4,765</u>
	ALLOCATED SUPPORT COSTS		
	Support staff costs	743	665
	Depreciation	240	192
	Pupil recruitment and support	25	37
	Maintenance of premises and equipment	61	118
	Cleaning	10	8
	Rent and rates	440	441
	Heat and light	138	164
	Insurance	50	51
	Transport	30	34
	Catering	146	118
	Technology costs	371	297
	Other support costs	<u>848</u>	<u>403</u>
		<u>3,102</u>	<u>2,528</u>
		<u>8,039</u>	<u>7,293</u>
9	GOVERNANCE COSTS	Year ended 31 August 2010	Year ended 31 August 2009
		£000s	£000s
	Governors' and Trustees' expenses	5	84
	Audit fees	16	14
	Other services	<u>17</u>	<u>6</u>
		<u>38</u>	<u>104</u>
10	SURPLUS ON ORDINARY ACTIVITIES IS STATED AFTER CHARGING:	Year ended 31 August 2010	Year ended 31 August 2009
		£000s	£000s
	Amounts receivable by the auditors		
	- audit fee	16	14
	- other services	17	6
	Depreciation and other amounts written off tangible fixed assets - owned	240	192
	Amounts payable under operating leases	19	18

11 STAFF COSTS

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2010 was as follows

	Year ended 31 August 2010	Year ended 31 August 2009
	No	No
Charitable Activities		
Teachers	78	75
Administration and support	78	76
Management	<u>2</u>	<u>2</u>
	<u>158</u>	<u>153</u>

	Year ended 31 August 2010	Year ended 31 August 2009
	£000s	£000s
Staff costs comprise		
Wages and salaries	4,320	3,883
Social security costs	344	304
Other pension costs	<u>440</u>	<u>458</u>
	<u>5,104</u>	<u>4,645</u>

Five employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2010. The total emoluments of these employees were in the following ranges

	2010 No.	2009 No.
£60,001 - £70,000	3	2
£70,001 - £80,000	1	1
£150,000 - £160,000	-	1
£160,000 - £170,000	1	-

Four of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme, one participated in the Local Government Pension Scheme. During the period ended 31 August 2010, pension contributions for these staff amounted to £58,764 (2009 £49,218)

12 OTHER FINANCE COSTS

	Year ended 31 August 2010	Year ended 31 August 2009
	£000s	£000s
Expected return on pension scheme assets (see note 25)	60	54
Interest on pension scheme liabilities (see note 25)	<u>(75)</u>	<u>(65)</u>
	<u>(15)</u>	<u>(11)</u>

13 GROSS TRANSFERS BETWEEN FUNDS

Transfers between funds on the Statement of Financial Activities are capital expenditure funded from revenue (transferred to Fixed Asset Funds), and a transfer from unrestricted balance to defray the costs of restricted expenditure

14 TRUSTEES' REMUNERATION AND EXPENSES

The trustees of the Academy received a total of £755 from the Academy during the period ended 31 August 2010 (2009 £7,498), for travel expenses to attend trustee and governors' meetings

15 RELATED PARTY TRANSACTIONS

The remuneration of the trustees, who are the key management personnel of the Academy is disclosed in note 14

The Academy's non-trustee governors received a total of £4,294 during the year (2009 £5,162), for travel expenses to attend meetings. These emoluments related solely to his services as the principal of the Academy and were agreed and approved by the board of trustees. Further information is contained in note 11. H Andrews (a governor) is a director of Bluefin Insurance which the Academy used as a brokerage service to secure insurance cover for 2009/2010. The services were provided to the Academy at an arm's length value following competitive tendering. The Academy was reimbursed by Fulwood Academy for the services of its Finance Director, at a cost of £49,555. The trustees consider this an arms length transaction that was at cost, i.e. Havelock Academy did not profit from this arrangement.

16 GOVERNORS', TRUSTEES', AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2010 was £630 (2009 £630).

17 TANGIBLE FIXED ASSETS

Group and academy	Furniture and equipment £000s	Computer equipment and software £000s	Total 2010 £000s
Cost			
At 1 September	227	451	678
Additions	<u>11</u>	<u>44</u>	<u>55</u>
At 31 August	<u>238</u>	<u>495</u>	<u>733</u>
Accumulated depreciation			
At 1 September	(109)	(245)	(354)
Charged in period	<u>(77)</u>	<u>(163)</u>	<u>(240)</u>
At 31 August	<u>(186)</u>	<u>(408)</u>	<u>(594)</u>
Net book values			
At 31 August 2010	<u>52</u>	<u>87</u>	<u>139</u>
At 31 August 2009	<u>118</u>	<u>206</u>	<u>324</u>

All of the tangible fixed assets are used for educational provision

Source of funding for assets acquired (cumulative to date)

	2010	2009
	£000s	£000s
DfE capital grants	241	193
General purpose fund (grant income)	341	334
Donations and inherited assets from North East Lincolnshire Council	<u>151</u>	<u>151</u>
Cost of fixed assets at 31 August 2010	733	678
Less Accumulated depreciation	<u>(594)</u>	<u>(354)</u>
Net book value of fixed assets at 31 August 2010	<u>139</u>	<u>324</u>

18 ENDOWMENT

The Academy administers the Havelock Academy Endowment Fund. This is a permanent endowment that is scheduled to increase to £2 million over a five year period, through a series of donations from the David Ross Foundation. During 2009/2010 investments totalling £200,097 were made into corporate bonds, bringing the total amount invested to £494,844. As at 31 August 2010 these investments had a market value of £544,705.

Analysis of permanent endowment fund	2010	2009
	£000s	£000s
Cash	790	580
Corporate bonds	<u>545</u>	<u>317</u>
	<u>1,335</u>	<u>897</u>

19 DEBTORS

	2010	2009
	£000s	£000s
Prepayments	97	3
Sundry debtors	<u>148</u>	<u>69</u>
	<u>245</u>	<u>72</u>

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£000s	£000s
Taxation and Social Security	106	94
Sundry creditors	134	187
Deferred income	58	5
Accruals	<u>387</u>	<u>144</u>
	<u>685</u>	<u>430</u>

21 FUNDS

The income funds of the Academy comprise the following balances to be applied for specific purposes

	Balance at 31 August 2009 £000s	Incoming resources £000s	Resources expended £000s	Gains, losses and transfers £000s	Balance at 31 August 2010 £000s
Restricted non-fixed asset funds including defined benefit pension liability					
General Annual Grant (GAG)	311	5,483	(5,770)	6	30
Standards Fund	-	519	(519)	-	-
Special Grants	-	147	(147)	-	-
LEA funding	-	67	(67)	-	-
Donation for rent of premises	-	426	(426)	-	-
Investment Income	11	-	(11)	-	-
Activities for generating funds	-	60	(60)	-	-
Defined benefit pension liability (see note 25)	<u>(472)</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(481)</u>
	<u>(150)</u>	<u>6,702</u>	<u>(7,009)</u>	<u>6</u>	<u>(451)</u>
Restricted permanent endowment fund	<u>897</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>1,322</u>
Restricted ICT Fund	-	469	(160)	-	309
Restricted Malcolm Arnold	-	488	(488)	-	-
Restricted Fixed Asset Funds					
DfE capital grants	314	115	(69)	-	360
Capital expenditure from GAG	119	-	(123)	4	-
Donation for transferred assets	45	-	(45)	-	-
Private sector capital sponsorship	<u>10</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>7</u>
	<u>488</u>	<u>115</u>	<u>(240)</u>	<u>4</u>	<u>367</u>
Unrestricted Funds					
Voluntary income	86	84	(28)	-	142
Activities for generating funds	157	167	(167)	(113)	44
Investment income	<u>123</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>163</u>
	<u>366</u>	<u>291</u>	<u>(195)</u>	<u>(113)</u>	<u>349</u>

Notes

- (i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.
- (ii) The Standards Fund must be used to boost standards of attainment within the Academy. Grant can be carried forward to the following August.
- (iii) Special grants are awarded by the DfE to boost performance within the Academy.
- (iv) LEA funding relates to funding supplied for pupils with Statements of Special Educational Need, passed on to the Academy from the authority's own funding.

21 FUNDS (continued)

- (v) The gross transfer from the restricted general fund to the restricted fixed asset fund of £4,416 represents the total capital expenditure from the General Annual Grant (GAG) during the period
- (vi) Restricted fixed assets were funded by government grants or sponsors
- (vii) The restricted permanent endowment fund is the Havelock Academy Endowment Fund. This is a permanent endowment fund. The interest may be transferred to unrestricted funds and will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Children, Schools and Families. The Academy sponsor is to pay a total of £2,000,000 into the fund. The first three instalments of the sponsor's endowment, totalling £1,250,000, have been received on time. Remaining payments are expected to be made in accordance with the following payments schedule
- | | |
|------------------|-------------------------------------|
| 1 September 2010 | £375,000 – received on the due date |
| 1 September 2011 | £375,000 |
- (viii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non-fixed asset fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these costs

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2010 are represented by	Unrestricted Funds	Restricted funds – non-fixed asset	Restricted fixed asset funds	Permanent endowment	Total 2010	Total 2009
	£000s	£000s	£000s	£000s	£000s	£000s
Tangible fixed assets			139		139	324
Investments				545	545	317
Current assets	349	715	537	777	2,378	1,862
Current liabilities	-	(685)	-	-	(685)	(430)
Defined benefit pension scheme liability	-	(481)	-	-	(481)	(472)
	<u>349</u>	<u>(451)</u>	<u>676</u>	<u>1,322</u>	<u>1,896</u>	<u>1,601</u>

23 COMMITMENTS

Operating leases

At 31 August 2010 the Academy had annual commitments under non-cancellable operating leases as follows

	2010 £000s	2009 £000s
Operating leases which expire		
Within two to five years	<u>19</u>	<u>18</u>

The Academy had no capital commitments at the end of the period

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Children Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

Upon termination of the Funding Agreement the Academy's pension liability is expected to transfer to any successor organisation

25 PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the East Riding Pension Fund

The total pension cost to the Academy during the period ended 31 August 2010 was £439,817 (2009 £458,301) of which £387,202 (2009 £321,757) relates to the TPS, and £52,615 (2009 £136,544) relates to LGPS

Teachers Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme The pension costs for the scheme represent the contributions payable by the Academy in the period

25 PENSION COMMITMENTS (continued)

THE TEACHERS' PENSION ACCOUNT

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account will be credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

VALUATION OF THE TEACHERS' PENSION SCHEME

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

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

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been 19.75% plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years), a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced – effective for the first time with effect from the 2008 valuation – a 14% cap on employer contributions payable.

25 PENSION COMMITMENTS (continued)

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions

The pension cost charged in the financial statements for this scheme for the period ended 31 August 2010 was £387,202 (2009 £321,757) which were the contributions due for the period

Local Government Pension Scheme

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS), which provides pension benefits based on final pensionable salary. The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last full actuarial valuation was carried out on 31 March 2007 and was updated for FRS 17 purposes to 31 August 2010 by a qualified independent actuary.

The total contribution made for the year ended 31 August 2010 was £209,000 of which employer's contributions totalled £162,000 and employees' contributions totalled £47,000. The agreed contribution rates for the year ended 31 August 2010 were 20.8% for employers, employees' rates varied according to salary.

The major assumptions used by the actuary in this valuation were

	At 31 August 2010	At 31 August 2009
Inflation	2.7%	3.4%
Salary increases	4.7%	4.9%
Rate of discount	4.8%	5.4%
Expected return on assets	6.3%	6.7%
Rate of increase in pensions in payment and deferred pensions	2.7%	3.4%

The mortality assumptions used in the valuation of the liabilities were as follows

	2010 years	2009 years
Longevity at age 65 for current pensioners		
Men	22.7	21.5
Women	26.1	24.4
Longevity at age 65 for future pensioners		
Men	24.8	22.6
Women	28.3	25.5

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The assets of the scheme and the weighted average expected rate of return were

	Long term rate of return expected 31 August 2010 %	Value at 31 August 2010 £000s	Long term rate of return expected 31 August 2009 %	Value at 31 August 2009 £000s
Equities	6.9	831	7.2	641
Bonds	4.3	120	4.7	88
Property	4.9	55	5.2	32
Cash	4.0	87	4.3	40
Total assets		1,093		801
Present value of scheme liabilities				
- Funded		(1,574)		(1,273)
Deficit in the scheme		(481)		(472)

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

25 PENSION COMMITMENTS (continued)

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was £93,000 (2009 £51,000)

Total expenditure recognised in the Statement of Financial Activities

	2010 £000s	2009 £000s
Current service cost	146	126
Interest cost	74	65
Expected return on scheme assets	(60)	(54)
Past service cost	(92)	7
Total expenditure recognised in SOFA	68	144

Net loss recognised in the Statement of Total Recognised Gains and Losses

	2010 £000s	2009 £000s
Actuarial gains/(losses) on pension scheme assets	32	(106)
Actuarial losses on scheme liabilities	(135)	(108)
Total amount recognised in STRGL	(103)	(214)

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £103,000 (2009 £296,000)

Contributions

The total contributions made by the employer in the year have been £162,000 (2009 £155,000). The level of contribution will be reviewed as a result of the triennial valuation of the scheme as at 31 March 2010.

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 August 2010 is £152,000.

Movement in deficit during the year

	2010 £000s	2009 £000s
Deficit at 1 September	(472)	(269)
Current Service Cost	(146)	(126)
Past service cost		
- Interest costs	(74)	(65)
- Employer contributions	162	155
- Past service cost	92	(7)
- Net interest/return of assets	60	54
- Actuarial loss	(103)	(214)
Deficit at 31 August	(481)	(472)

25 PENSION COMMITMENTS (continued)

Reconciliation of opening and closing balances of the present value of the Academy's share of the scheme liabilities

	2010	2008
	£000s	£000s
Scheme liabilities at 1 September	1,273	930
Current service cost	146	126
Past service cost	(92)	7
Interest cost	74	65
Contributions by scheme participants	47	45
Actuarial losses	135	108
Benefits paid	<u>(9)</u>	<u>(8)</u>
Scheme liabilities at 31 August	<u>1,574</u>	<u>1,273</u>

Reconciliation of opening and closing balances of the present value of the Academy's share of the scheme assets

	2010	2008
	£000s	£000s
Fair value of scheme assets at 1 September	801	661
Expected return on scheme assets	60	54
Actuarial losses	32	(106)
Contributions by employer	162	155
Contributions by scheme participants	47	45
Benefits paid	<u>(9)</u>	<u>(8)</u>
Fair value of scheme assets at 31 August	<u>1,093</u>	<u>801</u>

Amounts for the current and previous periods

	2010	2009
	£000s	£000s
Fair value of assets	1,093	801
Present value of scheme liabilities	(1,574)	(1,273)
Deficit in scheme	(481)	(472)
Experience adjustment on scheme assets	(32)	106
Percentage of scheme assets	3%	13%
Experience adjustment on scheme liabilities	135	108
Percentage of scheme liabilities	9%	8%

26 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 he/she ceases to be a member