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**St Hilary School
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Period Ended 31 August 2012

Company Registration Number 07655662

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St Hilary School

Financial Statements

Period Ended 31 August 2012

Contents	Page
Reference and Administrative Details	1
Governors' Report	2
Governance Statement	8
Statement on Regularity, Propriety and Compliance	11
Statement of Governors' Responsibilities	12
Independent Auditor's Report	13
Independent Auditor's Report on Regularity	15
Statement of Financial Activities incorporating Income & Expenditure Account	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	19
Other Notes to the Financial Statements	22

St Hilary School

Reference and Administrative Details

Period Ended 31 August 2012

Governors (Trustees)	Peter Scrase (Chairman) David Sharp (Vice Chair) Brian Michael Lesley Michell Yvonne Oates Graham Mitchell
Staff governors	Kelley Butcher Robin Hamshar (appointed 1 September 2011) Louise Greygoose Jennifer Dunstan Michelle Brant Vivianne Laity
Parent governors	William Mann (resigned 30 August 2011) Lucy Beckerleg Fiona Drew Erika Hewett Kevin Brown Claire Roberts Marissa Boulter (appointed 1 September 2011)
Senior Management Team	
Head Teacher/Principal	William Mann (resigned 30 August 2011)
Head Teacher/Principal	Kelley Butcher (appointed 1 September 2011)
Deputy Head Teacher	Robin Hamshar
Principal and Registered Office	St Hilary School Chynoweth Lane St Hilary Penzance Cornwall TR20 9DR
Company Registration Number	07655662 (England and Wales)
Independent Auditor	Francis Clark LLP Lowin House Tregolls Road Truro Cornwall TR1 2NA
Bankers	Lloyds TSB Market House Penzance Cornwall TR18 2TN
Solicitors	Cornwall Council Legal Services County Hall Treyew Road Truro TR1 3AY

St Hilary School

Governors' Report

Period Ended 31 August 2012

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012. The company was incorporated on 2 June 2011 and commenced operations as an Academy School on 1 July 2011.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of St Hilary School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as St Hilary School.

Details of the governors 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 Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Governors' Indemnities

Every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Principal Activities

The Academy Trust's object is specifically restricted to the advancement of education for the public benefit in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

The Members may appoint up to 18 Governors, which must include a minimum of four Staff Governors, a minimum of five Parent Governors and the Principal. The Staff Governors may be appointed through such processes that the Members determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

Parent Governors are elected by parents of registered pupils at the Academy, a Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. Any election of Parent Governors, which is contested, is held by secret ballot. The number of Parent Governors required is made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

Governors may appoint up to three Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being co-opted by Governors who have not been so appointed.

Election of the Chair and Vice-Chair of Governors is held annually. Governors nominate at the election meeting, and the election is conducted by a show of hands where there is one candidate, or secret ballot where there is more than one candidate.

St Hilary School

Governors' Report (continued)

Period Ended 31 August 2012

Policies and Procedures Adopted for the Induction and Training of Governors

All new Governors are assigned an experienced Governor mentor to assist them in taking on new responsibilities, and will be required to undertake induction training or other relevant training as and when provided

Organisational Structure

The structure consists of three levels. The Members, the Governors and the Senior Management Team

The Members of the Trust comprise the signatories of the Memorandum, including the Chair of the Governors. The Members have defined the roles of the Governors and the Committee structure. The Members meet annually to determine the strategic direction of the School and review progress against the strategic objectives for the School.

Governors, in addition to being members of the Governing Body, are appointed to serve on at least one of the following committees:

- Quality & Standard of Teaching & Learning Committee
- Personnel, Leadership & Management Committee
- Finance & Resources Committee
- Premises / Site Management, Health & Safety, Safeguarding Committee
- First (Personnel) Committee
- Appeals (Personnel) Committee
- Pupil Discipline Committee
- Admissions Committee

Governors are also assigned specific areas of focus aligned to the management and administration of the Academy Trust or specific teaching departments.

These Committees operate in accordance with documented terms of reference as follows:

- Quality and Standard of Teaching & Learning Committee - to monitor and evaluate the curriculum within the school, monitor SEN provision, and monitor and review any extended school activities
- Personnel, Leadership & Management Committee - to support staff in their ongoing professional development, ensuring staff well being, empowering staff to become effective leaders, and review staff structure when vacancies occur
- Finance & Resources Committee - to review and monitor expenditure assuring best value is achieved, to consider and approve the School's budget and monitor and ensure that the School meets relevant statutory requirements for FMGE
- Premises / Site Management, Health & Safety, Safeguarding Committee - to annually audit Safeguarding, Health & Safety and the premises and grounds and ensure that the School complies to all Safeguarding and Health and Safety regulations
- First (Personnel) Committee - to review pay, staff grievances, redundancy and staff discipline
- Appeals (Personnel) Committee - to hear staff appeals against the decision of the First (Personnel) Committee
- Pupil Discipline Committee - to review pupil exclusions
- Admissions Committee - to process all school admissions and liaise with parents when necessary

The Senior Management Team comprises the Principal & Deputy Principal. In accordance with the Academy Financial Handbook, the Governors appointed the Principal as Accounting Officer and the School Bursar as the Principal Finance Officer.

Risk Management

The Governors use the Risk Register as defined in the Academy Financial Handbook to evaluate strategic and reputational, operational, compliance, and financial risks to which the Academy Trust is exposed and have ensured that the management structure, systems and controls are in place to manage these risks, as well as insurance to cover financial loss and legal exposure.

St Hilary School

Governors' Report (continued)

Period Ended 31 August 2012

The Governors have also conducted self-assessment of financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation, which was submitted to the Young People's Learning Agency during the period. The overall assessment was limited to satisfactory due to the fact that 'new academies that are not compliant with the mandatory requirements yet because they haven't had time to take appropriate action, should limit their self-assessed rating(s) to Satisfactory'

The Governors ensure regular review of risks through the reports provided by the Senior Management team to the aforementioned Governing Body Committees. Each Committee reports to the Governing Body at least once each term.

Objectives and Activities

Objects and Aims

The Academy's main strategic goal is to maintain, manage and develop an Academy offering a broad and balanced curriculum to mixed ability pupils aged 4-11, in a safe and exciting learning environment.

We aim to maintain our high standards over the forthcoming year and find ways to improve all aspects of our Academy.

The Academy objective is set out in accordance with the Articles of Association and referred to on page 2.

Objectives, Strategies and Activities

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

- To ensure that the quality of teaching and learning is outstanding throughout the school and that high standards of pupil progress are maintained for all groups of children
- Curriculum provision
- Partnership and communication with parents
- Behaviour and safety of pupils
- Development of the outdoor environment
- Leadership and Management
- Extended schools

Public Benefit

The Governors have ensured through review and monitoring of the activities of the Academy Trust that the primary objective of the Academy Trust to provide education for the public benefit has been met. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Achievements and Performance

St Hilary School has had a very successful year. Every year group, with the exception of Year 1, is full and we have waiting lists in place for three year groups. We now have 265 children on roll with a net capacity of 259. During 2011-2012 an Academy Capital Maintenance grant was awarded to the school for a new entrance, offices and staff room / meeting space. The ultimate aim of the grant was to alleviate disability issues by providing an entrance and access to classrooms on ground level, as well as a more secure entrance to the school. On completion of the building the original offices will become much needed learning and meeting spaces.

The school has worked hard this year to gain the prestigious 'Sing-up Platinum' award and renew its ICT Mark accreditation. The 'Basic Skills Quality Mark' was also renewed this year - this is now our 5th Basic Skills award.

St Hilary School

Governors' Report (continued)

Period Ended 31 August 2012

The pupils have enjoyed many successes in music, sport and drama, as well as academically. Our Junior and Infant Choirs continued to enjoy singing on many occasions, both in school and in the community. The Junior Drama Club produced an excellent production of 'Treasure Island' last Spring and wowed us all with their talents. Our partnership with 'Sing to Success' paid dividends this year and our Year 5 children and Junior Choir enjoyed performing at the 'Hall for Cornwall' in a 'Music goes to the Movies' production. A number of our junior pupils took up the exciting opportunity to perform alongside pupils from neighbouring schools in a production of 'Joseph'.

There were many sporting achievements throughout the year. Amongst other successes, our hockey team and cricket team represented Penwith at the Cornwall school games. The cricket team became county champions and went on to represent Cornwall at the regional finals. The rugby team enjoyed the privilege of representing the school at the London Welsh championship final.

The school and the PTA have developed an excellent working relationship this year and their hard work and commitment led to the development of an additional play space for children including dens and quiet seating areas. The school has gained greatly from the volunteer parents that we have had working alongside us this year. Without them we would not be able to run as many trips and adventurous activities. This is particularly helpful in the Early Years classrooms where 'welly walks' and outdoor learning opportunities are part of daily routines.

There have been a great number of improvements in the school grounds this year. The erection of an outdoor classroom, planters for vegetable and plant growing activities and improved fencing and gating around the boundary of the school. Indoors, the corridors, hall and classrooms were painted and new carpets were laid in three classrooms, the hall flooring and ceiling was replaced and new lighting put into one of the classrooms. The school has continued to put funds aside for the development of ICT and this year a trolley of 18 i-Pads were purchased for use by the pupils and each teacher was also assigned an i-Pad as an additional teaching resource.

This year has seen the introduction of the Life Skills programme for SEN children with statements. This has enabled them to access a curriculum where essential life skills are taught. This includes the teaching of time, money, cookery and road safety.

St Hilary School continues to provide a safe and nurturing environment where our children thrive, both socially and academically.

This year's results were as follows:

- **KS1 Attainment: Writing**
The results for writing level 2+ were above national average, level 3+ was slightly below.
- **KS1 Attainment: Reading**
The results for reading were above national average for level 2+ and in line for level 3+.
- **KS1 Attainment: Maths**
The results for Maths were in line with national average for level 2+ but significantly above in level 3+.
NB: The results for KS1 included 9% of this group with statements for SEN.
- **KS2 Test results: English**
This was above the national average for both boys and girls.
- **KS2 Test results: Maths**
The boys achieved above national average in Maths this year, but girls were below. This will be something that we will be looking closely at in 2012-2013.

Going Concern

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

St Hilary School

Governors' Report (continued)

Period Ended 31 August 2012

Key Financial Performance Indicators

The key financial performance indicator for the Academy Trust is the adherence to the financial budget set at the beginning of the year. Excluding any generated funds, all income for the Academy is Government or Local Authority funded.

An expenditure budget is set at the beginning of the year, taking into consideration the level of Government funding. The Governors have reviewed detailed capital and revenue expenditure reports compared to expenditure budgets, which confirms that the processes and procedures in place for controlling expenditure are acceptable. The carried forward credit balance from the General Annual Grant (GAG) is within acceptable parameters.

Financial Review

The Academy held fund balances at 31 August 2012 of £1,249,000 comprising of £25,000 restricted general funds, £71,000 of unrestricted funds and £1,153,000 restricted fixed asset funds. The Academy has a positive General Annual Grant carry forward of £79,000.

In accordance with the Funding Agreement, the principal source of general funding with which to finance the operations of the Academy Trust is the Department of Education. £28,000 of GAG funding was spent on capital items.

As this is the first period of operation £939,000 of fixed assets (the freehold of the land and buildings and ICT equipment) previously owned by the Local Authority, have been gifted to the Academy Trust, which is included in incoming resources in this financial period.

On conversion £48,000, representing unspent revenue funds at the point the School closed on 30 June 2011, was donated from the maintained School. Aside from the amount held as a reserve, the balance of these funds will support the future plans of the Academy Trust.

The principal risk facing the Academy Trust is the future level of Government Funding. This risk is managed by careful control over budgeted expenditure, which ensures that a deficit does not arise for the year, combined with prudent reserves policy. The Governors have also self-assessed financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation, which was submitted to the Young People's Learning Agency during the period.

Reserves Policy

A reserve of £71,000 is held within the unrestricted funds to provide protection against unforeseen financial risk.

Investment Policy

In this financial year the Academy has not made any investments, as it was the first year of trading.

St Hilary School

Governors' Report (continued)

Period Ended 31 August 2012

Plans for Future Periods

- The Academy has been awarded a Capital Grant to extend the premises to allow disability access to reception, toilets and staff facilities, segregation between the entrance to school and play areas during school hours, and increase intervention teaching spaces
- To ensure that the quality of teaching and learning is outstanding throughout the school and that high standards of pupil progress are maintained for all groups of children
- To raise the attainment of girls Maths in all year groups
- To ensure that outstanding curriculum provision is in place across the school
- To raise the standard of teaching and learning in Science, to Science Mark accreditation standard
- Partnership and communication with parents
- To raise the standard of behaviour and safety of pupils
- Leadership and Management
- To promote healthy living across all aspects of the school
- Look to low risk investments to provide the Academy with a better return on their balances

Auditor

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by order of the members of the Governing Body on 20/12/12 and signed on its behalf by



Mr P Scrase
Chairman
Trustee

St Hilary School

Governance Statement

Period Ended 31 August 2012

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mrs K Butcher, 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 St Hilary School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
Peter Scrase	5	5
David Sharp	5	5
Brian Michael	4	5
Lesley Michell	4	5
Yvonne Oates	3	5
Graham Mitchell	5	5
Kelley Butcher	5	5
Robin Hamshar	5	5
Louise Greygoose	5	5
Jennifer Dunstan	5	5
Michelle Brant	4	5
Vivianne Laity	5	5
William Mann	0	0
Lucy Beckerleg	5	5
Fiona Drew	4	5
Erika Hewett	5	5
Kevin Brown	4	5
Claire Roberts	4	5
Marissa Boulter	4	5

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. The purpose of the sub-committee is to support the senior leadership team of St Hilary with its financial obligations. It is involved in all aspects of St Hilary's budget, including budget setting, budget monitoring, procurement, financial processes and ensuring that St Hilary is compliant with the statutory accounting policies. Attendance at meetings during the period was as follows:

Governor	Meetings attended	Out of a possible
Peter Scrase	5	6
David Sharp	5	6
Brian Michael	6	6
Kelley Butcher	6	6
Vivianne Laity	6	6
Fiona Drew	6	6
Kevin Brown	4	6
Marissa Boulter	4	6

St Hilary School

Governance Statement

Period Ended 31 August 2012

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Hilary School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mrs M Boulter, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

St Hilary School

Governance Statement (continued)

Period Ended 31 August 2012

There were no material control or other issues reported by the RO to date


Review of Effectiveness

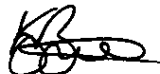
As Accounting Officer, Mrs K Butcher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

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

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

Approved by order of the members of the Governing Body on 20/12/12
and signed on its behalf by


Mr P Scrase
Chair
Trustee


Mrs K Butcher
Accounting Officer

St Hilary School

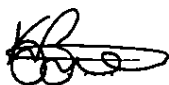
Statement on Regularity, Propriety and Compliance

Period Ended 31 August 2012

As accounting officer of St Hilary School I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Mrs K Butcher
Accounting Officer

Date: 20/12/12

St Hilary School

Statement of Governors' Responsibilities

Period Ended 31 August 2012

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to

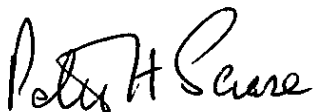
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 Charitable Company will continue in business

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 20/12/12
and signed on its behalf by



Mr P Scrase
Chair

Trustee

St Hilary School

Independent Auditors Report on the Financial Statements

Period Ended 31 August 2012

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

This report is made solely to the charitable company's Trustees, 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 Charity's Trustees those matters we are required to state to them in an auditor's 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 trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities Of Governors And Auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 12, the Governors (who are also the directors of the charitable company 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 mis-statement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given by the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

St Hilary School

Independent Auditors Report on the Financial Statements

Period Ended 31 August 2012

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Governors' remuneration specified by law are not made, or
- we have not received the information and explanations we require for our audit

Francis Clark LLP

Michael Bentley ACA DChA (Senior Statutory Auditor)

For and on behalf of

FRANCIS CLARK LLP

Chartered Accountants and Statutory Auditor

Lowin House

Tregolls Road

Truro

Cornwall

TR1 2NA

Date *21/12/12*

St Hilary School

Independent Auditor's Report on Regularity to the Governing Body of St Hilary School and the Education Funding Agency

Period Ended 31 August 2012

In accordance with the terms of our engagement letter dated 18 October 2011 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 July 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we may state to the governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the opinion we have formed

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period from 1 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities that govern them

Basis of our opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 July 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Francis Clark LLP

Michael Bentley ACA DChA (Senior Statutory Auditor)

For and on behalf of
FRANCIS CLARK LLP

Chartered Accountants and Statutory Auditor

Lowin House

Tregolls Road

Truro

Cornwall

TR1 2NA

Date *21/12/12*

St Hilary School

Statement of Financial Activities for the period ended 31 August 2012

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	26		4	30
Voluntary income - transfer from Local Authority on conversion		48	-	939	987
Activities for generating funds	4	1	-	-	1
Investment income		-	-	-	-
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	5	-	1,240	230	1,470
Other incoming resources		11	-	-	11
Total incoming resources		86	1,240	1,173	2,499
Resources expended					
<i>Cost of generating funds</i>					
Costs of generating voluntary income		15	-	-	15
<i>Charitable activities</i>					
Academy's educational operations	7	-	1,103	48	1,151
Governance costs	8	-	9	-	9
Total resources expended	6	15	1,112	48	1,175
Net incoming / (outgoing) resources before transfers		71	128	1,125	1,324
Gross transfers between funds	15	-	(28)	28	-
Net income/(expenditure) for the year		71	100	1,153	1,324
Other recognised gains and losses					
Brought forward defined benefit pension scheme liability	22		(34)		(34)
Actuarial (losses)/gains on defined benefit pension schemes	22		(41)		(41)
Net movement in funds		71	25	1,153	1,249
Reconciliation of funds					
Funds brought forward at 1 July 2011		-	-	-	-
Funds carried forward at 31 August 2012		71	25	1,153	1,249

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

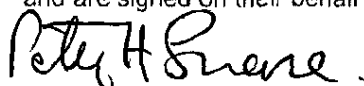
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

St Hilary School

Balance Sheet as at 31 August 2012

	Notes	2012 £000	2012 £000
Fixed assets			
Tangible assets	12		934
Current assets			
Debtors	13	229	
Cash at bank and in hand		211	
		<u>440</u>	
Creditors: Amounts falling due within one year	14	(50)	
Net current assets			<u>390</u>
Total assets less current liabilities			1,324
Net assets excluding pension liability			
Pension scheme liability	22		<u>(75)</u>
Net assets including pension liability			<u>1,249</u>
Funds of the academy			
Restricted funds			
Fixed asset funds	15		1,153
General fund(s)	15		100
Pension reserve	15		<u>(75)</u>
Total restricted funds			<u>1,178</u>
Unrestricted funds			
General fund(s)	15		<u>71</u>
Total unrestricted funds			<u>71</u>
Total funds			<u>1,249</u>

The financial statements were approved by the Governors, and authorised for issue on 20 December 2012
and are signed on their behalf by



P Scrase

Chair

Trustee

St Hilary School

Cash Flow Statement for the period ended 31 August 2012

	Notes	2012 £000
Net cash outflow from operating activities	18	(28)
Cash transferred on conversion to an academy trust		48
Capital expenditure	19	191
(Decrease)/Increase in cash in the year	20	<u>211</u>
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash in the period		211
Movement in net funds in the period		<u>211</u>
Net funds at 1 July 2011		-
Net funds at 31 August 2012		<u>211</u>

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

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

1. Statement of Accounting Policies

Basis of Preparation

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

Conversion to an academy trust

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

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

Going Concern

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

Incoming Resources

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

- **Grants receivable**

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

1. Statement of Accounting Policies (continued)

- **Donated assets**

The property at which the academy operates has been provided by the Local Authority (Cornwall Council) on a 125 year lease with peppercorn rent. The value of this property (at reinstatement value for insurance purposes) has been included in the Statement of financial Activities as a donation in the restricted fixed asset fund. Fixtures, fittings and plant transferred at nil cost from the Local Authority have also been accounted for in this way (at estimated market value). The amounts are included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Long leasehold buildings	Straight line over 50 years or 20 years
Fixtures, fittings and equipment	10 years straight line
ICT equipment	3 years straight line

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

1. Statement of Accounting Policies (continued)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

ICT equipment transferred from the Local Authority on conversion was already two years old and therefore has been fully depreciated this year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Leased Assets

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

Taxation

The Academy Trust 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 Trust 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.

Pensions Benefits

Retirement benefits to employees of the Academy Trust 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 Trust. 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi employer scheme and the Academy Trust 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 Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

1. Statement of Accounting Policies (continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the governors

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, the Department for Education and other funders 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 Education Funding Agency and Department for Education

2 General Annual Grant (GAG)

a. Results and Carry Forward for the Period	2012 £000
GAG brought forward from previous year	
GAG allocation for current period	1,141
Total GAG available to spend	1,141
Recurrent expenditure from GAG	(1,034)
Fixed assets purchased from GAG	(28)
Transfer from unrestricted fund	-
GAG carried forward to next year	79
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(137)
GAG to surrender to DfE	(58)
(12% rule breached if result is positive)	No breach

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Donations from Local Authority	7	-	7
Lottery grant	-	4	4
General Donations	19	-	19
	26	4	30

4 Activities for Generating Funds

Hire of Facilities	1	-	1
	1	-	1

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

5 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
DfE/YPLA capital grant			
Devolved Formula Capital allocations	-	7	7
Academy main building grants	-	223	223
	-	230	230
DfE / YPLA revenue grants			
General Annual Grant (GAG) (note 2)	-	1,141	1,141
Start Up Grants	-	25	25
Pupil Premium	-	16	16
	-	1,182	1,182
Other Government grants			
SEN from LA	-	58	58
	-	58	58
	-	1,470	1,470

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2012 £000
Costs of activities for generating funds	2	-	13	15
Academy's educational operations				
Direct costs	823	-	45	868
Allocated support costs	62	175	46	283
Implementation costs	-	-	-	-
	885	175	91	1,151
Governance costs including allocated support costs	-	-	9	9
	887	175	113	1,175

Net Incoming/outgoing resources for the year include:

	2012 £000
Operating leases	2
Fees payable to auditor - audit	4
- other services	1

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

7 Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Direct costs			
Teaching and educational support staff costs	-	823	823
Educational supplies	-	22	22
Staff development	-	3	3
Other direct costs	-	20	20
	-	868	868
Allocated support costs			
Support staff costs	-	62	62
Depreciation	-	48	48
Recruitment and support	-	18	18
Maintenance of premises and equipment	-	68	68
Cleaning	-	37	37
Rent & rates	-	11	11
Catering	-	1	1
Other support costs	-	38	38
	-	283	283
Total	-	1,151	1,151

8 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Legal and professional fees	-	4	4
Auditor's remuneration	-	4	4
- Accounts and audit of financial statements	-	1	1
- Whole of Government accounts	-		
	-	9	9

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

9 Staff costs

Staff costs during the period were	2012
	£000
Wages and salaries	716
Social security costs	43
Pension costs	94
	<hr/> 853
Supply teacher costs	28
	<hr/> 881

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

	2012
	No.
Charitable Activities	
Teachers	11
Education support	19
Administration and support	2
Management	<hr/> 1

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

	2012
	No.
£60,001 - £70,000	Nil
£70,001 - £80,000	<hr/> 1

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for this employee amounted to £8,660

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

10 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration (being the sum of gross pay and employers' pension contributions for the period) was as follows:

	2012
William Mann, Principal and staff governor (to 31 August 2011)	£13,500
Kelley Butcher, Principal from 1 September 2011 and staff governor for entire period	£70,055
Michelle Brant, Staff governor	£50k - £55k
Jennifer Dunstan, Staff governor	< £5k
Louise Greygoose, Staff governor	£10k - £15k
Robin Hamshar, Staff governor	£50k - £55k
Vivianne Laity, Staff governor	£20k - £25k

During the period ended 31 August 2012, travel and subsistence expenses totalling £nil were reimbursed to governors. Related party transactions involving the trustees are set out in note 23.

11 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,010,146 on any one claim and the cost forms part of the combined school policy and is not shown separately. The cost of the combined school policy for the period ended 31 August 2012 was £9,896.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Assets in the Course of Construction £000	Fixtures, Fittings and Equipment £000	ICT Equipment £000	Total £000
Cost					
Additions	-	4	22	17	43
Transfer on conversion	923	-	-	16	939
Disposals					
At 31 August 2012	<u>923</u>	<u>4</u>	<u>22</u>	<u>33</u>	<u>982</u>
Depreciation					
Charged in year	23	-	2	23	48
Disposals					
At 31 August 2012	<u>23</u>	<u>-</u>	<u>2</u>	<u>23</u>	<u>48</u>
Net book values					
At 31 August 2012	<u>900</u>	<u>4</u>	<u>20</u>	<u>10</u>	<u>934</u>

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

13 Debtors

	2012 £000
Accrued income	3
Prepayments	5
Other debtors	179
VAT recoverable	42
	<u>229</u>

14 Creditors: amounts falling due within one year

	2012 £000
Trade creditors	22
Accruals and deferred income	28
	<u>50</u>

15 Funds

	Balance at 1 July 2011 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2012 £000
Restricted general funds					
General Annual Grant (GAG)	-	1,141	(1,034)	(28)	79
Start Up Grant	-	25	(25)	-	-
Other DfE/EFA grants	-	58	(41)	-	17
Pension reserve	-	-	-	(75)	(75)
Pupil Premium	-	16	(12)	-	4
	-	1,240	(1,112)	(103)	25
Restricted fixed asset funds					
DfE/EFA capital grants	-	230	(3)	-	227
Capital expenditure from GAG	-	-	(4)	28	24
Lottery grant	-	4	(2)	-	2
Assets gifted from the Local Authority	-	939	(39)	-	900
	-	1,173	(48)	28	1,153
Total restricted funds	-	2,413	(1,160)	(75)	1,178
Unrestricted funds					
Unrestricted funds	-	86	(15)	-	71
Total unrestricted funds	-	86	(15)	-	71
Total funds		2,499	(1,175)	(75)	1,249

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

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

- The General Annual Grant (GAG) restricted fund relates to the funding received from EFA for the ongoing provision of education services to children from the age of seven to eleven
- The other DfE/EFA funds includes grants for the provision of education and training services to children with special needs
- The Lottery Grant represents funds received contributing towards an Outdoor Environment Project
- The Start-Up Grant was provided to cover the costs associated with converting to an Academy Trust
- The Pension reserve fund represents the current deficit on the Local Government Pension Scheme
- The Academy operates a Fixed Asset Restricted Fund Income that is received by the Academy for the purchase of specific capital items or projects is allocated to this fund

16 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	934	934
Current assets	71	150	219	440
Current liabilities	-	(50)	-	(50)
Pension scheme liability	-	(75)	-	(75)
Total net assets	71	25	1,153	1,249

17 Financial commitments

Operating leases

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

	2012 £000
<u>Other</u>	
Expiring within two and five years inclusive	3
	<u>3</u>

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

	2012
	£000
18 Reconciliation of net income to net cash inflow from operating activities	
Net income	1,324
Cash transferred on conversion to an academy trust	(48)
Depreciation (note 12)	48
Capital grants from DfE and other capital income	(1,173)
(Increase)/decrease in debtors	(229)
Increase/(decrease) in creditors	50
Net cash inflow from operating activities	(28)
19 Capital expenditure and financial investment	
Purchase of tangible fixed assets	982
Capital grants from DfE/EFA	(230)
Capital funding received from sponsors and others	(943)
Receipts from sale of tangible fixed assets	-
Net cash outflow from capital expenditure and financial investment	(191)

	At 1 July	Cash	At 31
	2011	flows	August
	£000	£000	2012
			£000
20 Analysis of changes in net funds			
Cash in hand and at bank	-	211	211
	-	211	211

21 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

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

22 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce real rate of return

The Government Agency ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of the 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 latest 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 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years) This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

22 Pension and similar obligations (continued)

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

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

Under the definitions set out in Financial Reporting Standard 17 (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 and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £36,000, of which employer's contributions totalled £28,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 18.2 per cent for employers and a band between 5.5 per cent and 7.5 per cent for employees.

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

Principal Actuarial Assumptions	At 31 August 2012
Rate of increase in salaries	4.5%
Rate of increase for pensions in payment / inflation	2.2%
Discount rate for scheme liabilities	4.1%
Expected return on assets	4.8%
Commutation of pensions to lump sums – pre April 2008 service	40%
Commutation of pensions to lump sums – post April 2008 service	70%

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

	At 31 August 2012
<i>Retiring today</i>	
Males	21.3
Females	23.4
<i>Retiring in 20 years</i>	
Males	23.2
Females	25.6

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 (continued)

22 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	5.5%	120
Bonds	3.4%	30
Property	3.7%	12
Cash	2.8%	16
Total market value of assets		<u>178</u>
Present value of scheme liabilities		
- Funded		(253)
Surplus/(deficit) in the scheme		<u><u>(75)</u></u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £1,000

Amounts recognised in the statement of financial activities

	2012 £000
Current service cost (net of employer contributions)	(1)
Past service cost	-
Total operating charge	<u><u>(1)</u></u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	12
Interest on pension liabilities	(13)
Pension finance income / (costs)	<u><u>(1)</u></u>

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

22 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £41,000 loss

Movements in the present value of defined benefit obligations were as follows.

	2012
	£000
At 1 July 2011	177
Current service cost	27
Interest cost	13
Employee contributions	8
Actuarial (gain)/loss	28
At 31 August 2012	<u>253</u>

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

	2012
	£'000
At 1 July 2011	143
Expected return on assets	12
Actuarial gain/(loss)	(13)
Employer contributions	28
Employee contributions	8
Benefits paid	-
At 31 August 2012	<u>178</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £23,000

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 (*continued*)

22 Pension and similar obligations (*continued*)

Local Government Pension Scheme (*Continued*)

The history of experience adjustments is as follows:

	2012 £'000
Present value of defined benefit obligations	(253)
Fair value of share of scheme assets	178

Deficit in the scheme	(75)
Experience adjustments on share of scheme assets	
Amount £'000	13

Experience adjustments on scheme liabilities	
Amount £'000	-

23 Related party transactions

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

Mr W M Laity – an unincorporated business owned by the husband of Mrs V Laity, a Governor

During the period, building and maintenance services were undertaken with the business totalling £15,990. There were no amounts outstanding as at 31 August 2012.

Mrs Hamshar – the wife of Mr R Hamshar, a Governor

During the period, Mrs Hamshar provided intermittent supply teaching services and received gross pay of £2,397, which was processed through the payroll. There were no amounts outstanding as at 31 August 2012.

St Hilary School

Notes to the Financial Statements for the period ended 31 August 2012 *(continued)*

24 Conversion to an academy trust

On 1 July 2011 St Hilary School converted to academy trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to St Hilary School from the Cornwall Council Local Authority for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total £'000
Tangible fixed assets				
Leasehold land and buildings	-	-	923	923
Other tangible fixed assets	-	-	16	16
Budget surplus on LA funds	48	-	-	48
LGPS pension surplus/(deficit)	-	(34)	-	(34)
Net assets	48	(34)	939	953

25 Post balance sheet events

Shortly after the period end the Academy entered into a construction contract committing to £223,355 of expenditure to build an extension to the main school building enabling disabled access to the classrooms. The project is funded, in full, by a capital grant