

HINCHLEY WOOD SCHOOL

(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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Registered Company No' 07886416

HINCHLEY WOOD SCHOOL
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

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HINCHLEY WOOD SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2013

Governors (Trustees).

Mrs Claudette Atkinson (Parent Governor) (appointed 13 December 2012)
Mr Ben Bartlett (Ex-Officio Governor) (Headteacher) (appointed 1 September 2013)
Mr Simon Blyth (Parent Governor) (appointed 20 December 2012)
Mrs Elizabeth Cassini (Parent Governor) (resigned 30 September 2012)
Mr Michael Collier (Parent Governor)
Mrs Veronica Collins (Parent Governor) (Member)
Mrs Sue Davison (Parent Governor) (Chair of Governors from 1 September 2013) (Member)
Mr Peter Drysdale FCCA (Member)
Mr Aidan Fudge (Chair of Governors until 31 August 2013)(Member)
Mrs Sarah Godfrey (resigned 1 October 2012)
Mr Roger Hoad (resigned 19 July 2013)
Professor Jonathan Holmes (Parent Governor)
Mr Tony McLeod (resigned 11 December 2012)
Miss Freya Oliver (Staff Governor) (appointed 11 October 2012)
Mr Martin Phelps
Mr Steve Poole (Ex-Officio Governor) (Headteacher) (resigned 31 August 2013)
Mr Tom Ridpath (Staff Governor) (appointed 11 October 2012, resigned 31 August 2013)
Mr Vikram Sandhu
Mr Andy Sellers (resigned 19 July 2013)
Mr Graham Spawforth
Mr Nigel Tarrant (resigned 19 July 2013)
Ms Karen Walker
Mr Malcolm Williams (resigned 19 July 2013)

Leadership Team.

Mr Steven Poole (Headteacher) (resigned 31 August 2013)
Mr Ben Bartlett (Headteacher) (appointed 1 September 2013)
Mr Michael Glover (Deputy Headteacher)
Mrs Jenny Craig (Assistant Headteacher)
Mr Alan Griffiths (Assistant Headteacher)
Mr David Hyman (Assistant Headteacher) (resigned 31 August 2013)
Mr Lawrie Lee FCA (Bursar)

Principal and Registered Office.

Hinchley Wood School
Claygate Lane, Hinchley Wood, Surrey KT10 0AQ

Company Registration Number.

07886416 (England and Wales)

Auditor

haysmacintyre
26 Red Lion Square, London WC1R 4AG

Bankers

National Westminster Bank PLC
10 Victoria Road, Surbiton, Surrey KT6 4JY

Solicitors.

Veale Wasbrough Vizards
Barnards Inn, 86 Fetter Lane, London EC4A 1AD

Website

www.hinchleywoodschool.co.uk

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

The governors are pleased to present their report and financial statements together with the auditor's report for the year ended 31 August 2013

INCORPORATION AND ACADEMY CONVERSION

The Hinchley Wood School academy trust (known as Hinchley Wood School) was incorporated on 19 December 2011. The School, Hinchley Wood School, converted to academy status on 1 February 2012.

PRINCIPAL ACTIVITY

The principal activity of the Academy Trust is the provision, as a public benefit, of a broad and balanced education to students in the UK. This is achieved through the Academy Trust running Hinchley Wood School which is a co-educational, comprehensive academy school for students aged 11 – 18 years.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy Trust.

Members and Members' Liability

The members of the Trust who served in the period are shown on page 1. The number of members is limited and they are currently post holders on the Governing Board.

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 for the debts and liabilities contracted before they ceased to be a member, not exceeding £10.

Governing Board

The governors act as the trustees for the charitable activities of Hinchley Wood School (the School) and are also the directors of the charitable company for the purposes of company law.

The Governing Board comprises the Headteacher, six parent governors, two staff governors, six member appointed governors, two Hinchley Wood Education Trust appointed governors and up to three Co-opted Governors.

Details of the governors are shown on page 1.

Appointment and Recruitment of Governors

Parent governors are elected by parents of students registered at the School and the Governing Body makes arrangements to notify parents of a vacancy and oversees a ballot where the number of nominees exceeds the number of vacancies.

Staff governors are similarly elected by staff.

Two governors are appointed by the trustees of the Hinchley Wood Education Trust.

Other governors are appointed from local communities and businesses. The matrix of skills required by the Governing Board and the skill set of existing governors help to inform the selection process. Potential candidates are invited to visit the School and meet the Chair of Governors and Headteacher. Recommendations are then made to the Governing Body.

Governor Indemnity

In accordance with normal commercial practice, the School has purchased insurance to protect governors and school management from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance provides cover up to £5 million for any one claim.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

Induction and Training of Governors

All new governors are provided with an induction pack, copies of the Academy's financial statements and access to the Governor Handbook which is included on the School's Virtual Learning Environment (FROG)

They are invited to visit the school to meet governors and staff. Training is provided for all governors by an educational consultancy specialising in governor training. The Clerk to Governors also provides details of other relevant courses. In-house training sessions are also provided, covering various topics e.g. exclusions and child protection.

ORGANISATIONAL STRUCTURE

The management of the School is structured to ensure that good long term planning combined with efficient use of resources allows the School to provide a broad education to all our students resulting in as many as possible achieving their potential in life.

The structure includes the governors, the leadership team, department heads, heads of learning (by year group), heads of house, and associate staff team leaders. The aim is to devolve responsibility for day to day organisation and financial budgets and encourage decision making at all levels.

The governors fulfil a strategic role. They appoint the Headteacher, they establish the long term strategic vision and approve the five year development plan, they agree the three year budget, they approve the school's operational policies, they monitor outcomes against plan and they hold the leadership team to account.

The leadership team are responsible for advising the Governing Body, for developing and implementing the five year strategy, for delivering the agreed budget, for achieving the school improvement plan, for continual improvement of student welfare, the curriculum offer and the quality of teaching.

The department heads and team coordinators are responsible for individual student welfare and progress, for overseeing the daily running of the School as it relates to their area and assisting the leadership team in meeting the whole school objectives.

Students' Role in School Organisation

Students play an important part in school organisation. School leaders are drawn from sixth formers and the School Council, chaired by the Student President (drawn from Years 10 -11 and voted into office annually by all students and staff), which has one representative from each year group. These groups provide feedback and advice to school leadership.

In addition all years have a Year Council drawn from each house group which gives feedback to the Year Team.

Other students are involved with the Sustainability Group, which achieved our Green Flag status and which covers energy usage, the school farm, litter and sustainability in the curriculum. There is a Catering Advisory Group giving feedback to the Catering Manager. Other students give presentations at Partnership with Parents evenings and Open Evenings and have given advice on our recent Wi-Fi installation plan and also the wider curriculum.

House System

The house system was introduced in September 2011. All students and staff are members of one of seven houses. There is a Head of House (staff member) and many competitions, covering sporting and other activities, are run across the year and on specific house days.

The houses are named after British Olympians: Adepitan, Ainslie, Goodhew, Grey-Thompson, Holmes, Lewis and Redgrave. Adepitan were the overall winners in 2012/13.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

Risk Management

The Governors have reviewed the school's risk management summary which sets out the major identified risks to which the school is exposed, the severity of the risk and the likelihood of it occurring, and the ways the school is attempting to mitigate those risks

The areas of risk covered include governance, strategic, student safety and protection, finance and fraud and compliance with legislation

The governors are satisfied that the school has internal controls in place which allow it to manage the identified risks and to minimise their potential consequences as far as possible

Connected Organisations, including Related Party Relationships

The School works closely with the following organisations

- Elmbridge 14-19 Consortium and its related Alternative Learning Project is a collaborative partnership of the secondary schools and sixth form college in Elmbridge to promote education for a number of Key Stage 4 students who struggle with the standard curriculum
- Elmbridge Partnership which exists to promote partnership working between primary and secondary schools in Elmbridge

Neither grouping is a legal entity but operate under a partnership management agreement which sets out that funds belong to the group as a whole and any surplus or deficit belongs to all members in agreed shares

The School is a member of, and provides accommodation and financial services for, both the Consortium and the Elmbridge Partnership. Staff working for both organisations, are employed by the Academy Trust. It is the view of governors that the Academy Trust acts as a custodial agent in this regard and the income and expenditure of the organisations is not shown gross in the Academy Trust's financial statements. The Academy Trust's balance sheet does include the assets and liabilities of the organisations with their net assets shown as a creditor of the Academy Trust.

The School works closely with the Hinchley Wood cluster of primary schools. In particular sustainability issues are worked through involving both students and staff from the seven schools involved.

The School has received a grant from the Elmbridge Partnership which allows it to offer Home School Link Worker services to all schools in Elmbridge at a discounted rate. The grant remains available for the current period and the next two years and the remaining balance at 31 August 2013 has been shown as Deferred Income.

The School is linked with our local national teaching school – Esher Church of England High School – in supporting the drive to improve leadership, teaching and learning across all local schools.

The Hinchley Wood Education Trust was set up in September 2009 under the government's Trust School initiative. It has brought together a number of organisations (Barnardo's, colemans-ctts, RC Sherriff Trust, Roehampton University and CEB) with the objective of supporting students at Hinchley Wood School and in the local community who are having difficulty in accessing the standard curriculum for emotional, behavioural, family and other reasons.

The Hinchley Wood Development Fund is a charitable fund which is governed independently of the Academy Trust. The majority of funds are accumulated as a result of parental donations but it also receives donations from local businesses and trusts. The aims of the Hinchley Wood Development Fund are to benefit current and future students at Hinchley Wood School.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy Trust's objects are specifically restricted to the following

- To advance for the public benefit education 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 and,
- To promote for the benefit of the inhabitants of Hinchley Wood and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants

Objectives, Strategies and Activities

The School's vision is focused on developing the personal qualities, experience, breadth of knowledge and qualifications required by our students to prosper during their lifetime – work, social and leisure

Our sustainability strategy is designed to ensure that the school and our wider school community have a long term future

Our five year School Improvement Plan is designed to take the school towards our strategic vision

Further details of our plans are available on our website – www.hinchleywoodschool.co.uk

Public Benefit

The Academy Trust's aims, mission statement and plans are all focused on using our public funding and other income we generate to provide the best possible free education for all the students who choose to attend the school as well as offering our sporting, IT, music and other facilities at reasonable cost to the local community. The Governors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in determining the activities undertaken by the School

ACHIEVEMENTS AND PERFORMANCE

The School converted to academy status on 1 February 2012. The School is coeducational and non selective and admits 210 students a year. Demand continues to outstrip available places but the Governing Body has no plans to admit an extra form group at Year 7.

At 1 September 2013 the school had a total of 1,216 students of which 161 were in the sixth form. Female students make up 46% of the School.

Results

A level results were very good – 100% pass rate of which 52% of all results were graded A* to B.

At GCSE 79% of students achieved 5 A*-C grades including English and Maths. These results were slightly lower than our target but well above the national average of 57.3%. 32% of GCSEs taken produced A* - A grades.

Improving standards

In October 2011 the school was judged outstanding following an OfSTED inspection. In order to provide the best possible education for students and to maintain that rating whenever a follow up inspection is to occur, the school undertakes a number of measures to ensure that standards are rising. We regularly monitor individual student performance, we observe lessons and provide coaching and mentoring for all teachers, we spend £45,000 pa on staff development and training, we monitor actual results by department and teacher against challenging targets.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

Opportunities for Personal Development - School Trips, Clubs and Other Activities

The School offers a wide range of school trips both locally to London and the South East of England as well as to Europe and other international destinations. In the year to August 2013 we organised 51 trips and a total of 2,398 places were taken up by students.

We have built up a close relationship with Gulu School, situated in a previously war torn part of Northern Uganda. School council student members speak to their students by Skype, we collect money on our charity days to buy them computers and solar power, their head and deputy heads have visited us and students and staff from HWS go to Gulu to provide training and to help develop facilities.

Peripatetic music teachers give 260 students weekly lessons in a wide range of musical instruments. In addition we run a range of orchestras and bands that perform at school concerts and events and also in the wider community. Every year the school puts on a major production involving drama, dance and music.

45 students take part in Combined Cadet Force (CCF) training with students from Reeds School on a weekly basis. In addition they attend annual camps and train using some sophisticated military equipment.

42 students are currently enrolled on the Duke of Edinburgh scheme.

Students participate in a wide range of sports both at house and school level. The core sports we offer are football, netball, rugby, basketball, hockey and athletics. The school has built four new 18m by 30m astroturf pitches which have further enhanced our sporting facilities. The school has a strong reputation locally regarding our sporting teams but we have started rolling out a five year plan to develop "Sporting Excellence at Hinchley Wood School". There are now 8 house matches a day at lunch time 3 days a week, and the number of school matches played by Year 7 has increased substantially in all sports.

The School has a wide range of other after school clubs (45 in total) and the academic year includes curriculum enrichment days for all years when external providers (often giving their time free of charge – for example IBM and Legal and General) come and run business games and mock interview sessions for the students. The School continues to try to raise the financial awareness of all our students.

We take a number of higher achieving students to Oxbridge or to Russell Group universities to raise their aspirations as to what is possible.

For the second year, a team of students designed, built and then raced a battery operated car in a 4 hour endurance race against other Surrey Schools (we came second in 2012/13 having won the year before).

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

FINANCIAL MATTERS

Going Concern

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

Financial Review and Key Financial Indicators

Funding

84% of the School's income is in the form of funding from the Education Funding Agency ("EFA") and this together with related expenditure, is shown as Restricted General Funds in the financial statements. Funding is currently based on a Surrey wide school formula.

The School is at the lower end of the national range of per pupil funding. In 2012/13 our formula funding was approx £4,550 (2012 £4,214) per pupil compared to a national average of nearly £5,500 (2012 £5,000). Although not a School with a high level of deprivation, the School's catchment area covers a number of lower income families with 5.5% of the School on free school meals and many more on working tax credits.

In respect of Surrey Schools this places the school mid table in terms of the level of deprivation of our students' families. In terms of funding per pupil the school receives the lowest level of per pupil funding of any secondary academy in Surrey. The governors continue to find it difficult to agree that this outcome is fair and are pleased that a national funding formula is being planned. Over a number of years, this should result in a more reasonable allocation between local Schools and for Surrey Schools as a whole to receive a fairer share of national funding.

We also received £69,000 of pupil premium funding in 2012/13. We have used this funding to target students who are on or have been on free school meals in the previous few years and who may not be performing as well as their contemporaries for a range of reasons – home circumstances, emotional and behavioural issues, and ability to afford trips or basic supplies. We provide one to one tuition, mentoring, extra catch up, counselling and other support as well as ensuring that rebates are available for trips.

Other Income

16% of the Academy Trust's income relates to activities which include letting our premises, our catering operation which covers both our students and those of our adjacent primary school, school trips and providing support to other educational entities. The income, together with related expenditure, including an estimated cost of staff administering the activities, is shown in Unrestricted General Fund except for the amounts relating to the Home School Link Worker service which is supported by a restricted grant and all shown as Restricted funding and expenditure.

Resources Expended

The school spends 85% of its funding on staff and staff related expenditure. We have an experienced teaching staff but the overall teaching model is tight and we have to close the school at lunch time on Friday due to the resources available. Our pupil teacher ratio is 1:18.1 which is high by secondary school standards.

Over the years the school has been organised to try and ensure that as many of the data, administrative and organisational tasks as possible are undertaken by associate staff, leaving teachers free to concentrate on teaching and learning.

The School spends 1.4% of funding on energy which is low by school standards. This is a result of the work of our sustainability committee and the fact that we generate 80,000 Kwhrs pa from photovoltaic solar panels.

The School spends 7.9% of its funding on expenditure directly related to pupils – curriculum resources, sports, music, external providers, enrichment activities and exams.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

Cash at 31 August 2013

The academy held £1 446 million of cash at year end. Some £397K was held as a custodian agent on behalf of other entities and another £341K is capital funding received in advance. The remaining balance will reduce as deferred income is spent over the coming 2 years but the Academy Trust does not expect to have a cash flow issue in the coming 12 months.

Reserves Policy

Up to 31 August 2012 the unwritten policy of the School was for the combined General Restricted Fund and Unrestricted Fund to move into surplus. Now that this objective has been achieved the governors have approved a new reserves policy. It is that, over the next 2 or 3 years, the combined surplus of the Restricted General Fund and the Unrestricted General Fund is of the order of £120K to £150K. This level of reserves is not for a specific project but rather that the Academy Trust has the means to overcome a financial problem such as urgent and unexpected maintenance at the school should such an issue arise.

Fund balances

As at 31 August 2013 the Restricted General Fund has a surplus balance of £5k. The Unrestricted Fund has a surplus of £91k. The combined total of £96k is moving towards the Reserves Policy level as set out above.

The Restricted Fixed Asset Fund has a balance of £16 126 million while fixed assets in the balance sheet total £15 79 million. The difference represents funds that we have received to fund capital commitments at 31 August 2013 and future capital expenditure.

The Restricted Pension Fund shows a deficit at 31 August 2013 of £1 378 million. This relates to the Academy's pension fund for associate staff which stands within the Local Government Pension Scheme (LGPS). The Fund Deficit and the related Pension Scheme Liability have been determined using Financial Reporting Standard 17. This is a substantial deficit for the Academy Trust and we have a plan agreed with the Scheme administrators (Surrey County Council) to make contributions at a level to repay the deficit over 20 years. The issue is that the current level of contributions required is 31.8% of the salaries of the associate staff who are members of the Scheme. We continue to review the position to see whether there are ways of reducing the Scheme deficit but the contribution rate may not be directly within our control.

Financial Management Objectives and Policies

The major financial objectives of the academy are

- To account for all income and expenditure on an accurate and timely basis
- To strive for value for money on operating expenditure and larger projects
- To ensure that restricted funding is spent on approved areas of expenditure
- To ensure financial probity and that financial activity is appropriate for a public body
- To accurately report to governors and school leadership
- To comply with legislation and our funding agreement with the DfE
- To report to the EFA as required

The governors have approved the School's Financial Procedures Manual and have appointed the Headteacher as the Accounting Officer and the Bursar as the Principle Finance Officer to oversee the internal controls and procedures which provide assurance to the governors that the school's policies are being adhered to.

In addition the School has a Responsible Officer who reviews the operation of the internal control system with professional accounting support and the school's external auditors who report to the governors on matters that they consider they should be aware of.

The Academy Trust has a financial whistle blowing policy which has a clear way of confidentially reporting any concerns that a member of staff (or possibly a parent) has about a senior member of school leadership including governors.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

Principal Financial Risks and Uncertainties

The principle financial risks to the Academy Trust are

- A fall in the number of students attending the sixth form
- Significant long term fall in the number of students applying for admission at Year 7
- Changes to existing or future funding formulas which reduces the real term funding per pupil
- Major fraud

The governors believe that student numbers are unlikely to significantly reduce while the School remains outstanding, that changes to the funding formula are outside the control of the School but that a national funding formula should benefit the School and that our internal controls, our financial policies, regular monitoring and auditing reviews by the Responsible Officer and external auditors minimise the risk of fraud for which we are insured to the level of £250,000. The number of students in the sixth form are expected to increase at September 2014 and this will increase related funding in 2015/16 but the school is continuing to strive to improve standards and outcomes so as to secure the growing reputation of the sixth form in the following decade.

Investment Policy

The Academy Trust holds no investments other than cash. Surplus cash is placed in a bank deposit account.

NEW HEADTEACHER

As at 1st September 2013 the school has a new Headteacher – Mr Ben Bartlett. It is very early days but we believe we have made a very good appointment.

We would also like to thank and pay tribute to his predecessor Mr Steven Poole who retired at the end of the academic year. Steve became Headteacher at the end of 2002 and over 10 years he led the school from very difficult educational and financial circumstances to the outstanding school it is today. We wish Steve and his very supportive wife Cindy all the best for the future.

PLANS FOR FUTURE YEARS

Hinchley Wood School will continue to look for ways to improve the educational experiences of our students. Our vision is that by the time that students leave the school they have the personal qualities, skills set, experience, breadth of knowledge and qualifications required to allow them to meet their potential in their future lives.

To ensure we are able to deliver this vision we will continue to provide a wide range of training and personal development opportunities for all our staff.

Further details of the mission statement are set out on our website – www.hinchleywoodschool.co.uk

We are taking a broad look at our curriculum to ensure that it is appropriate for all our students. Hinchley Wood School offers, and delivers, a strongly academic curriculum for most students but we are also mindful that a minority of our students find accessing such a traditional curriculum a struggle. We are looking at how to deliver more vocational courses in school and whether some students are taking too many exams. Any agreed actions are likely to take a number of years to implement.

We are also continuing to develop our centre (The MCC) which is used to support and inspire those students who are at risk of underperforming due to personal, behavioural or difficult family circumstances.

The sixth form goes from strength to strength. We had 102 students in September 2011 but we estimate this may exceed 200 students in September 2014. To accommodate this expansion we are building a new sixth form centre which we plan to be operational from September 2014. The Education Funding Agency has provided a grant for £750K and the HW Development Fund has committed an additional £150K. We are currently running a fund raising campaign to raise an additional £200K to allow the centre to be completed on time.

HINCHLEY WOOD SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

One of our strategic aims is Sporting Excellence. We have produced a plan with a 5 year implementation span and Autumn Term 2013 is the starting point. The number of house matches at lunch time has increased from 1 to 8. The number of school matches played by year 7 has increased substantially. In the future we will roll out our Sporting Excellence plan one additional year group at a time.

We are having closer links with our local primary schools to help them deliver enhanced sporting opportunity for their students. We hope this will develop into a more structured partnership as we go forward.

FUNDS HELD AS CUSTODIAN AGENT ON BEHALF OF OTHERS

The Academy Trust holds funds and accounts for a number of entities which are set out in Notes 14 and 23 to the financial statements. In total at 31 August 2013 funds held for these entities totalled £397K.

AUDIT

Insofar as the governors are aware:

- There is no relevant audit information of which the Academy Trust'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 11th December 2013 and signed on its behalf by



Sue Davison
Chair of Governors

HINCHLEY WOOD SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, and the Bursar, as Principle Finance 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 Hinchley Wood 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 six times during the year but will normally meet four times. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr Aidan Fudge – Chair of Governors	6	6
Mrs Sue Davison – Vice-Chair of Governors	5	6
Miss Claudette Atkinson	5	5
Mr Simon Blyth	4	5
Mrs Elizabeth Cassini	0	1
Mr Michael Collier	5	6
Mrs Veronica Collins	6	6
Mr Peter Drysdale – Responsible Officer	3	6
Mrs Sarah Godfrey	1	1
Mr Roger Hoad	6	6
Professor Jonathan Holmes – Vice-Chair	5	6
Miss Freya Oliver	5	5
Mr Tony McLeod	1	1
Mr Martin Phelps	5	6
Mr Steve Poole	4	6
Mr Tom Ridpath	5	5
Mr Vikram Sandhu	2	6
Mr Andy Sellers	5	6
Mr Graham Spawforth	5	6
Mr Nigel Tarrant	2	6
Ms Karen Walker	6	6
Mr Malcolm Williams	5	6

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to assist the Governing Body in ensuring sound management of the Academy Trust's finances and resources including proper planning, probity and risk management. The Committee fulfils its monitoring and advisory role by a more detailed consideration of the school's financial health, financial exposure to risk, accounting compliance and financial aspects of its staff establishment and its property than is possible for the full Governing Body. In particular, consideration of the school's budget and monitoring against plan has been important for a school where resources remain very tight.

Membership of the Finance Committee includes governors with financial, business and professional skills. The Committee has met formally five times during the academic year. Attendance at meetings in the past year was as follows:

HINCHLEY WOOD SCHOOL

GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

Governor	Meetings attended	Out of a possible
Mr Peter Drysdale	4	5
Mr Aidan Fudge	5	5
Mr Roger Hoad	0	2
Mr Martin Phelps	5	5
Mr Steve Poole	5	5
Mr Vikram Sandhu	4	5
Mr Nigel Tarrant	4	5

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 on-going process designed to identify and prioritise the risks to the school, to evaluate the likelihood of those risks being realised and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the school is exposed together with the operating, financial and compliance controls that are in place to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the school's significant risks that has been in place for the year ended 31 August 2013 and up to the date of the approval of the annual report and financial statements. This process is reviewed annually by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has decided not to appoint an internal auditor. The governors have appointed Mr Peter Drysdale, a governor, as Responsible Officer ('RO'). The RO is supported by external professional accounting expertise whereby a range of checks on the Academy Trust's financial systems are carried out twice a year. The RO's role includes reviewing any recommendations resulting from these tests, attending Finance Committee meetings, giving advice on financial matters, and reporting annually to the Full Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

This process has successfully been in operation during the period up to the approval of these financial statements. There were no material internal control failures reported to the Governing Body.

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control.

During the period in question the review has been informed by

- The work of the Responsible Officer,
- The work of the external auditor,
- The work of the executive managers within the school who have responsibility for the development and maintenance of the internal control framework.

HINCHLEY WOOD SCHOOL

GOVERNANCE STATEMENT (continued)

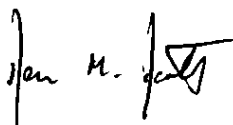
FOR THE YEAR ENDED 31 AUGUST 2013

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

Approved by order of the members of the Governing Body on 11th December 2013 and signed on its behalf by



Sue Davison
Chair of Governors



Ben Bartlett
Accounting Officer

HINCHLEY WOOD SCHOOL

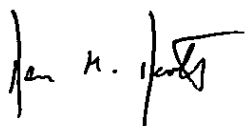
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2013

As Accounting Officer of Hinchley Wood 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.



Ben Bartlett
Accounting Officer
11th December 2013

HINCHLEY WOOD SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who act as trustees for charitable activities of Hinchley Wood School and are also the directors of Hinchley Wood School 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 (EFA), 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 Hinchley Wood School 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 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 Hinchley Wood School will continue in business

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

The governors are responsible for ensuring that the conduct of operations of Hinchley Wood School apply 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 Hinchley Wood School'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 11th December 2013 and signed on its behalf by



Sue Davison
Chair of Governors
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HINCHLEY WOOD SCHOOL

We have audited the financial statements of Hinchley Wood School for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the cash flow statement, principal accounting policies 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 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 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 members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Governors and Auditor

As explained more fully in the Governors' Responsibilities Statement, 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 misstatement, 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 governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and in accordance with Academies Accounts Directions 2013 issued by the EFA.

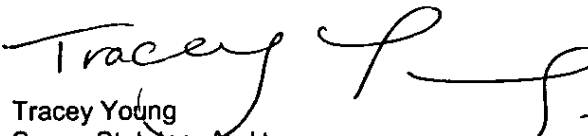
Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We Are Required to Report by Exception

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

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


Tracey Young
Senior Statutory Auditor,
For and on behalf of haysmacintyre, Statutory Auditors
11th December 2013

26 Red Lion Square
London
WC1R4AG

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF HINCHLEY WOOD SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hinchley Wood School during the period from 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Hinchley Wood School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hinchley Wood School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hinchley Wood School and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Hinchley Wood School's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Hinchley Wood School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

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

Approach

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

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

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

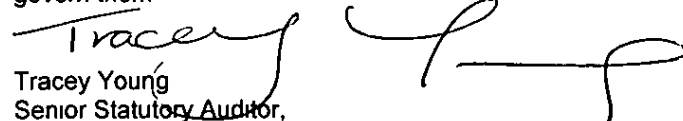
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

The work undertaken to draw to our conclusion includes

- Assessment of the control environment operated by the Academy
- Walkthrough testing of controls to ensure operational effectiveness
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised
- Detailed testing on a selection of expense claims
- Review of minutes, bank certificates and related party declarations provided by Governors and senior management

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them


Tracey Young
Senior Statutory Auditor,
For and on behalf of Haysmacintyre, Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

11th December 2013

HINCHLEY WOOD SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

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

FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted	Restricted General	Restricted Fixed Asset	Total	7 months to 31 August 2012 £'000
	Notes	Fund £'000	Funds £'000	Fund £'000	2013 £'000	
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	2	7	-	-	7	154
Voluntary income – transfer on conversion		-	-	-	-	14,493
Investment income	3	1	-	-	1	1
<i>Incoming resources from charitable activities</i>						
Activities for generating funds	4	888	127	-	1,015	662
Funding for the Academy's educational operations	5	-	5,361	248	5,609	3,142
Total Incoming Resources		<u>896</u>	<u>5,488</u>	<u>248</u>	<u>6,632</u>	<u>18,452</u>
Resources expended						
<i>Cost of charitable activities</i>						
Academy's educational operations	7	749	5,389	269	6,407	3,802
Governance costs	8	-	47	-	47	59
Total Resources Expended	6	<u>749</u>	<u>5,436</u>	<u>269</u>	<u>6,454</u>	<u>3,861</u>
Net incoming/(outgoing) resources before transfers		<u>147</u>	<u>52</u>	<u>(21)</u>	<u>178</u>	<u>14,591</u>
Gross transfers between funds	15	(80)	(75)	155	-	-
Net income/(expenditure) for the year		<u>67</u>	<u>(23)</u>	<u>134</u>	<u>178</u>	<u>14,591</u>
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	25	-	12	-	12	68
Net incoming/(outgoing) resources for year		<u>67</u>	<u>(11)</u>	<u>134</u>	<u>190</u>	<u>14,659</u>
Total funds brought forward at 1 September 2012		<u>24</u>	<u>(1,357)</u>	<u>15,992</u>	<u>14,659</u>	<u>-</u>
Total funds carried forward at 31 August 2013		<u>91</u>	<u>(1,368)</u>	<u>16,126</u>	<u>14,849</u>	<u>14,659</u>

All of the Academy's activities derive from acquisitions and continuing operations during the 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

The Notes to Financial Statements form part of these accounts

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £'000	£'000	2012 £'000	£'000
Fixed assets					
Tangible assets	11		15,785		15,741
Current assets					
Stock	12	7		4	
Debtors	13	270		462	
Cash at bank and in hand		1,446		1,191	
		<u>1,723</u>		<u>1,657</u>	
Liabilities					
Creditors amounts falling due within one year	14	(1,206)		(1,288)	
Net current assets			517		369
Creditors amounts falling due beyond one year	14		(75)		(85)
Net assets excluding pension liability			<u>16,227</u>		<u>16,025</u>
Pension scheme liability	25		(1,378)		(1,366)
Net assets including pension liability			<u>14,849</u>		<u>14,659</u>
Funds of the academy -					
Restricted funds					
Fixed asset fund	15		16,126		15,992
General fund	15		5		3
Bursary fund	15		5		6
Pension reserve	15		(1,378)		(1,366)
Total restricted funds			<u>14,758</u>		<u>14,635</u>
Unrestricted funds					
General fund	15		91		24
Total unrestricted funds			<u>91</u>		<u>24</u>
Total funds			<u>14,849</u>		<u>14,659</u>

The Notes to Financial Statements form part of these accounts

The financial statements were approved and authorised for issue by the governors on 11th December 2013 and signed on their behalf by



Sue Davison
Chair of Governors
Director

HINCHLEY WOOD SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £'000	2012 £'000
Opening cash at 1 September 2012	29	1,191	952
Net cash inflow from operating activities	19	319	210
Returns on investments	20	1	1
Capital net of expenditure	21	(65)	28
Net cash at 31 August 2013	22	<u>1,446</u>	<u>1,191</u>

All of the cash flows are derived from continuing operations in the current financial year

The Notes to Financial Statements form part of these accounts

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.

Going concern

It is the opinion of the governors that Hinchley Wood School is a going concern and that it is appropriate to produce these financial statements on that basis.

Incoming Resources

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

Grants - Grants are included in the Statement of Financial Activities (SOFA) as received. Grants (including General Annual Grant) relating to the accounting period but not received in the period are recorded as receivable and shown in the appropriate fund on the balance sheet. Capital grants are recognised when received and are not deferred over the life of the asset on which they are expended.

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

Donated services and gifts in kind - The value of donated services and gifts in kind provided to the Academy will be recognised as incoming resources in the period in which they are receivable, and accounted for at their open market value where the benefit to the Academy Trust can be reliably measured. An equivalent amount will be included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in which case the amount will be included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

Deferred income or income receivable - Where income is received in advance of entitlement of receipt its recognition will be deferred and included in creditors as deferred income. Where entitlement occurs before the related cash or resource is received, the income will be shown as a debtor in the balance sheet.

Other income - Other income will be recognised in the period it is receivable.

Income from activities - Income from activities will be recognised in the period in which the underlying economic event occurs.

Investment income - Investment income is recognised in the period it is receivable.

Resources expended - Normally expenditure will be taken in the period in which a liability is incurred. The exceptions are:

- Expenditure specifically relating to incoming resources which are treated as deferred income or income receivable will be taken in the same period as the income is recognised.
- Expenditure specifically relating to activities will be taken in the period that the related income from activities is recognised and will until that time be treated as a prepayment. An estimate of non-specific overheads such as administrative salaries will be charged.

Costs of generating funds - These are costs incurred attracting voluntary income and managing investment income. An annual estimate of the cost of administrative salaries relating to these areas is made.

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

1. **STATEMENT OF ACCOUNTING POLICIES (continued)**

Governance Costs - This includes the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, some legal work, governors' meeting costs and reimbursement of their expenses and an annual estimate of the administrative support staff costs associated with governance

Tangible fixed assets - Freehold Land and Buildings are carried at fair value on the basis of continuing use and based on the depreciated replacement cost method with the special assumption of instant rebuild

Assets costing £2,000 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 life, as follows

Freehold buildings	2%
Buildings and facilities improvements	10%
Fixtures and equipment	25%
ICT equipment	25%
Motor vehicles	25%

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

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.

Stock - Catering stocks are valued at the lower of cost and net realisable value.

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.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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 5 yearly valuations using a prospective benefit method. As stated in note 25, 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 a separate trustee administered fund. 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 3 yearly 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.

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 for specific capital purposes imposed by the Education Funding Agency or Government Department and other donors where the asset acquired or created is 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.

Conversion to an Academy Trust - The conversion from a state foundation 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 Hinchley Wood School to the Academy Trust were valued at their fair value being a reasonable estimate of the current market value and the value the governors would have expected to pay in an open market for an equivalent item. This is consistent with the Academy's other accounting policies. The amounts have been recognised under the appropriate balance sheet categories with a corresponding amount recognised in voluntary income in the statement of financial activities and analysed under restricted general fund, restricted bursary fund, restricted pension fund, and restricted fixed asset fund. Further details are set out in Note 29.

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

2 VOLUNTARY INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Capital grant - HWS Development Fund	-	-	-	145
Other donations	7	-	7	9
	<u>7</u>	<u>-</u>	<u>7</u>	<u>154</u>
3 INVESTMENT INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Short term bank deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
4. ACTIVITIES FOR GENERATING FUNDS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Hire of facilities	66	-	66	49
Catering	319	-	319	160
School trips contributions	359	-	359	257
Music tuition	101	-	101	87
Home school link workers	-	127	127	77
Other activities	43	-	43	32
	<u>888</u>	<u>127</u>	<u>1,015</u>	<u>662</u>

FOR THE YEAR ENDED 31 AUGUST 201325

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

7 CHARITABLE ACTIVITIES - Academy's educational operations	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Direct costs				
Teaching and educational support staff costs	-	3,550	3,550	2,131
Catering staff costs	102	-	102	60
Home school link worker staff	-	99	99	58
Depreciation	-	269	269	129
Educational supplies	7	316	323	135
IT supplies	-	57	57	49
Examination fees	-	81	81	67
Staff development	-	44	44	21
Educational consultancy	-	25	25	12
Expenditure on activities	341	-	341	245
Catering supplies	158	-	158	83
Music tutors	88	-	88	83
Consultancy	-	12	12	7
	696	4,453	5,149	3,080
Allocation support costs				
Support staff costs	36	764	800	422
Recruitment and support	-	43	43	16
Maintenance of premises and equipment	16	106	122	136
Cleaning	-	9	9	3
Energy and water	-	78	78	31
Rent and rates	-	29	29	17
Insurance	-	48	48	23
Security and transport	-	15	15	6
Support costs IT	-	19	19	13
Bank interest and charges	-	5	5	1
Other support costs	1	89	90	54
	53	1,205	1,258	722
	749	5,658	6,407	3,802
8. GOVERNANCE COSTS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Support staff costs	-	28	28	16
Cost of Converting to Academy Status	-	-	-	25
Auditor's remuneration				
- audit of financial statements	-	10	10	10
- Responsible officer testing	-	2	2	1
Support costs	-	7	7	7
	-	47	47	59

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

9. STAFF COSTS	2013 £'000	2012 £'000
Staff costs during the year were		
Wages and salaries	3,699	2,151
Social Security costs	285	166
Pensions costs	569	330
	<u>4,553</u>	<u>2,647</u>
Supply teacher costs	26	40
	<u>4,579</u>	<u>2,687</u>

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

	2013 No	2012 No.
Charitable activities		
Management (including 5 teachers)	6	6
Teachers (excluding management above)	60	61
Education support	21	20
Administration, premises, catering and other support	33	34
	<u>120</u>	<u>121</u>

The number of employees whose emoluments, on an annualised basis, fell within the following bands was

£60,001 to £70,000	2	2
£100,001 to £110,000	1	1

All three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £33K (2012 7 month period £19K)

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking their respective school roles and not in respect of their services as governors. Other governors did not receive any payments, including expenses, from the Academy in respect of their role as governors.

The number of staff governors, including the Headteacher, whose emoluments, on an annualised basis, fell within the following bands was

	2013	2012
Steve Poole	£100,001 - £110,000	£100,001 - £110,000
Sarah Godfrey	£10,001 - £20,000	£10,001 - £20,000
Freya Oliver	£30,001 - £40,000	
Tom Ridpath	£40,0001 - £50,000	

No staff governor was paid for their role as a governor.

During the year ended 31 August 2013, travel and subsistence expenses totalling Nil (2012 Nil) were reimbursed.

Other related party transactions involving the trustees are set out in note 26.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

10. GOVERNORS' AND OFFICERS INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5 million for any one claim and the cost for the year ended 31 August 2013 was £223 (2012 7 month period £124)

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

11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Building & Facilities Improvements £'000	Furniture & Equipment £'000	ICT Equipment £'000	Total £'000
Cost					
At 1 September 2012	15,726	61	-	83	15,870
Additions	-	247	36	30	313
At 1 September 2012	15,726	308	36	113	16,183
Depreciation					
At 1 September 2012	129	-	-	-	129
Charged in period	222	23	2	22	269
At 31 August 2013	351	23	2	22	398
Net Book Value					
At 31 August 2013	15,375	285	34	91	15,785
At 31 August 2012	15,597	61	-	83	15,741

12. STOCK

	2013 £'000	2012 £'000
Catering stocks	7	4
	7	4

13. DEBTORS

	2013 £'000	2012 £'000
Trade debtors	22	14
VAT recoverable	47	65
Prepayments	201	176
Other debtors	-	207
	270	462

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

14 CREDITORS amounts falling due within one year	2013 £'000	2012 £'000
Trade creditors	226	367
PAYE and NIC creditor	85	92
Other creditors	468	485
Accruals and deferred income	427	344
	<u>1,206</u>	<u>1,288</u>

CREDITORS amounts falling due After one year

Deferred income	<u>75</u>	<u>85</u>
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Deferred income (included in Creditors above falling due within one year and after one year)

	2013 £'000	2012 £'000
Deferred income at 31 August 2012	346	346
Resources released in the year	(212)	-
Resources deferred in the year	209	-
	<u>343</u>	<u>346</u>

Included within creditors as deferred income is £121K (2012 £170K) relating to a grant from the Elmbridge Partnership (of schools) for the school to run a home school link worker service for most Elmbridge schools – both primary and secondary. In addition there is £177K (2012 £133k) relating to parental contributions to future trips, £26K (2012 £22K) of unused credit on students and staff catering cards, and other of £19K (2012 £22K).

The purpose of the Elmbridge Partnership grant is to subsidise the cost of the home school link worker service to schools over a period until 31st August 2014, but at a reducing rate of subsidy. It is expected that £75K (2012 £85K) of the grant will still be available for use from 1st September 2014 and this has been shown as Creditors (deferred income) amounts falling due after one year.

Held as custodian on behalf of other entities (included in Other Creditors above)	2013 £'000	2012 £'000
Hinchley Wood Education Trust	7	7
Hinchley Wood School Development Fund	8	17
Elmbridge 14-19 Consortium	194	256
Elmbridge Partnership	188	128
	<u>397</u>	<u>408</u>

Related Party Transaction (note 26) sets out the custodial relationship with the above entities

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

15. FUNDS

	Balance at 1 Sept 2012 £'000	Incoming Resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2013 £'000
Restricted Funds					
Restricted fixed assets fund	15,992	248	(269)	155	16,126
Restricted general fund					
Transfer on conversion	(49)	49	-	-	-
Educational funding and expenditure	(8)	5,310	(5,282)	-	20
Transfer between funds	60	-	-	(75)	(15)
	<u>3</u>	<u>5,359</u>	<u>(5,282)</u>	<u>(75)</u>	<u>5</u>
Restricted bursary fund					
Transfer on conversion	2	-	(2)	-	-
Bursaries	4	2	(1)	-	5
	<u>6</u>	<u>2</u>	<u>(3)</u>	<u>-</u>	<u>5</u>
Restricted pension fund	(1,366)	-	(24)	12	(1,378)
Restricted HSLW fund					
Income and resources expended	-	127	(127)	-	-
	<u>-</u>	<u>127</u>	<u>(127)</u>	<u>-</u>	<u>-</u>
Total Restricted General Funds	(1,357)	5,488	(5,436)	(63)	(1,368)
Total Restricted Funds	14,635	5,736	(5,705)	92	14,758
Unrestricted Fund	84	896	(749)	-	231
Transfer between funds	(60)	-	-	(80)	(140)
Total Unrestricted Funds	24	896	(749)	(80)	91
Total Funds	14,659	6,632	(6,454)	12	14,849

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

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

Restricted Fixed Asset Fund This fund is for income and grants which contribute towards the purchase of fixed assets, and their related depreciation

Restricted General Fund This fund is for income and grants from the DfE and other government related agencies and the expenditure relating to the education of students within the school. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of surplus funding that it could carry forward at 31 August 2013

Restricted Bursary Fund This fund relates to bursaries given to sixth form students

Restricted Pension Fund This fund relates to the fund deficit on the Local Government Pension Scheme which covers a number of the school's non teaching staff

Restricted HSLW Fund This fund relates to the provision of home school link workers to a number of primary and secondary schools in Elmbridge. It is considered restricted as some of its income is generated by the writing back from deferred income of a grant given by Elmbridge Partnership to subsidise the service for a number of years

Unrestricted Fund This fund relates to activities undertaken by the school which are in addition to those covered by the funds above. £80K (2012 7 month period £60K) was transferred from the Unrestricted Fund to the Restricted General Fund to reflect that funding received from the EFA is not sufficient to cover the resources expended on general education of students within the school

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by

	Unrestricted	Restricted General	Restricted Fixed Assets	2013 Total	2012 Total
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	Funds £'000
Tangible fixed assets	-	-	15,785	15,785	15,741
Current assets	314	1,068	341	1,723	1,657
Total liabilities	(223)	(1,058)	-	(1,281)	(1,373)
Pension scheme liability	-	(1,378)	-	(1,378)	(1,366)
Total net assets	91	(1,368)	16,126	14,849	14,659

17 CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Contracted for, but not provided in the financial statements	1,022	150

18. FINANCIAL COMMITMENTS**Operating leases**

At 31 August 2013 the Academy had annual commitments for the lease of a water fountain under non-cancellable operating leases as follows

	2013 £'000	2012 £'000
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	1	1
	<u>1</u>	<u>1</u>

19. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £'000	2012 £'000
Net income	178	14,591
Voluntary income – transfer on conversion	-	(14,493)
Capital income (see note 21)	(248)	(172)
Depreciation expense (note 11)	269	129
Interest received (note 20)	(1)	(1)
FRS 17 pension cost less contributions (note 25)	(27)	(8)
FRS 17 pension finance costs (note 25)	51	33
(Increase) / decrease in stocks	(3)	1
(Increase) / decrease in debtors	192	(203)
Increase / (decrease) in creditors – due within year	(82)	248
Increase / (decrease) in creditors – due beyond year	(10)	85
Net cash inflow from operating activities	<u>319</u>	<u>210</u>

20. RETURNS ON INVESTMENTS

	2013 £'000	2012 £'000
Interest received	1	1
Net cash inflow from returns on investment	<u>1</u>	<u>1</u>

21. INCOME FOR CAPITAL AND RELATED CAPITAL EXPENDITURE

	2013 £'000	2012 £'000
Capital grants from DfE/EFA	248	27
Capital funding received from donors and others	-	145
Purchase of fixed assets	(313)	(144)
Net cash outflow re capital	<u>(65)</u>	<u>28</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	Cash received at conversion £'000	Cash flows £'000	At 31 August 2013 £'000
Cash in hand and at bank	<u>1,191</u>	<u>255</u>	<u>1,446</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

23. CONNECTED ORGANISATIONS FOR WHICH THE ACADEMY ACTS AS A CUSTODIAN AGENT

The school works closely with the following organisations

- Elmbridge 14-19 Consortium and its related Alternative Learning Project is a collaborative partnership of the secondary schools in Elmbridge to promote education for a number of Key Stage 4 students who struggle with the standard curriculum
- Elmbridge Partnership which exists to promote partnership working between primary and secondary schools in Elmbridge

Neither grouping is a legal entity but operate under a partnership management agreement which sets out that funds belong to the group as a whole and any surplus or deficit belongs to all members in agreed shares

The school is a member of and provides accommodation and financial services for both the Consortium and the Elmbridge Partnership

Staff working for both organisations are employed by the Academy Trust. It is the view of Governors that the Academy Trust acts as an agent and custodian in this regard and the income and expenditure of the organisations is not shown gross in the Academy Trust's financial statements. The Academy Trust's balance sheet does include the assets and liabilities of the organisations with their net surplus is shown as a Creditor of the Academy Trust – see note 14 for details

In the period Elmbridge 14-19 Consortium employed 4.5 (2012 4.7) FTE staff and employments costs totalled £182K (2012 7 month period £111K). Elmbridge Partnership employed 0.15 (2012 0.15) FTE staff and employment costs totalled £3K (2012 7 month period £2K).

The Hinchley Wood Education Trust was set up in September 2009 under the government's Trust School initiative. It has brought together a number of organisations (Barnardo's, Colemans-ctts, RC Sherriff Trust, Roehampton University and SHL Limited) with the objective of supporting students at Hinchley Wood School and in the local community who are having difficulty in accessing the standard curriculum for emotional, behavioural, family and other reasons. The Trust reserves at 31 August 2013 were shown as a creditor and amounted to £7K (2012 £7K).

Hinchley Wood School Development Fund is owed £8K (2012 £17K) by the Academy Trust at 31 August 2013. This is part of the reserves of HWS Development Fund and the monies have been paid to the Fund in the new financial year.

24. 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 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.

25. PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for teaching staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes.

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

Contributions amounting to £44K (2012 £42K) were payable to the Teachers' Pension Scheme and £24K (2012 £35K) were payable to the LGPS at 31 August 2013 and are included within creditors.

25 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operate are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

25. PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

25. PENSION AND SIMILAR OBLIGATIONS (continued)

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 year ended 31 August 2013 was £300K (2012 7 month period £163K), of which employer's contributions totalled £230K (2012 7 month period £129K) and employees' contributions totalled £70K (2012 7 month period £34K). The agreed contribution rate for 2013/14 rises to 29.6% for employers and a range of 5.5% to 7.5% for employees.

Principal Actuarial Assumption	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5.1%	4.5%
Rate of increase for pensions in payment/inflation	2.8%	2.2%
Discount rate for scheme liabilities	4.6%	4.1%
Inflation assumption (CPI)	2.2%	2.1%

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 2013	At 31 August 2012
<i>Retiring today</i>		
Males	21.9 years	21.9 years
Females	24.0 years	24.0 years
<i>Retiring in 20 years</i>		
Males	23.9 years	23.9 years
Females	25.9 years	25.9 years

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000
Equities	6.6	722	5.5	397
Bonds	3.9	161	3.4	105
Property	4.7	47	3.7	28
Cash	3.6	31	2.8	33
Total market value of assets		961		563
Present value of scheme liabilities				
- Funded		(2,339)		(1,929)
Deficit in the scheme		(1,378)		(1,366)

The actual return on scheme assets was £99K (2012 7 month period £10K)

25. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities	2013 £'000	2012 £'000
Current service cost	203	121
Past Service cost	-	-
Total operating charge for the period	<u>203</u>	<u>121</u>
Analysis of pension finance costs / (income)		
Expected return on pension scheme assets	(34)	(14)
Interest on pension liabilities	85	47
Pension finance costs for the period	<u>51</u>	<u>33</u>

The actuarial gains for the current period of £12K (2012 £68K) 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 £80K gain.

Movements in the present value of defined benefit obligations were as follows	2013 £'000	2012 £'000
At 31 August 2012	1,929	1,799
Current service cost	203	121
Interest cost	85	47
Employee contributions	70	34
Actuarial (gain) / loss	52	(72)
At 31 August 2013	<u>2,339</u>	<u>1,929</u>

Movements in the fair value of academy's share of scheme assets	2013 £'000	2012 £'000
At 31 August 2012	563	390
Expected return on assets	34	14
Actuarial gain / (loss)	64	(4)
Employer contributions	230	129
Employee contributions	70	34
At 31 August 2013	<u>961</u>	<u>563</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £282K. The LGPS obligation at conversion relates to the employees of the academy who were employees transferred as part of the conversion from maintained foundation school to academy trust at 1 February 2012. The obligation at that date represents their cumulative service at the predecessor school.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

HINCHLEY WOOD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

26. RELATED PARTY TRANSACTIONS

The School employed one son of the previous Headteacher as temporary support in the summer term. He was paid in total less than £3K. The Bursar and the previous Chair of Governors approved this in advance.

27. COMPARITIVE FIGURES FOR 2012 – 7 MONTH ACCOUNTING PERIOD

The academy company was incorporated on 19 December 2011. The School converted to an Academy Trust on 1 February 2012. These comparatives in the financial statements have been drawn up for the period from incorporation but all financial activity occurred in the 7 months from 1 February 2012.

29. CONVERSION TO AN ACADEMY TRUST

On 31st January 2012 Hinchley Wood School converted to an academy trust under the Academies Act 2010 and all the operations and assets and liabilities (excluding freehold land and buildings) were transferred to Hinchley Wood School from Surrey County Council for £nil consideration. At the same time the freehold land and buildings transferred from Hinchley Wood Education Trust at £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 Activity as voluntary income and net resources expended.

The following table sets out the fair value of the identifiable assets and liabilities transferred into the Academy at 1 February 2012.

	Unrestricted Fund £'000	Restricted General Fund £'000	Restricted Bursary Fund £'000	Restricted Pension Fund	Restricted Fixed Asset Fund £'000	Total £'000
Freehold land and buildings	-	-	-	-	15,726	15,726
Budget deficit on LA funds	-	(49)	-	-	-	(49)
Budget surplus on other funds	-	-	2	-	223	225
LGPS deficit	-	-	-	(1,409)	-	(1,409)
Net assets / (liabilities)	-	(49)	2	(1,409)	15,949	14,493

The above net assets included £952K which was transferred as cash. In addition there was £4K of stock, £259K of debtors and prepayments and £1,040K of creditors, deferred income and accruals.