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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**Governors**

Revd C Andrews  
Mrs S Eade, Staff Governor  
Mr P Edwards  
Mrs M Fraher, Staff Governor  
Mr J Gibbs, Head Teacher and Staff Governor  
Mrs C Hack  
Mrs V Jackson (resigned 17 June 2013)  
Miss S Leeson, Staff Governor  
Revd E McDonald, Chair of Governors  
Mr A Mendham  
Mr J Morrissey  
Mrs D Ramsay, Staff Governor  
Mrs J Roberts  
Mrs J Sharpe  
Mrs K Sutherland, Staff Governor  
Mr D Thorpe  
Miss S Turner  
Mr T Waterhouse  
Dr T Williams

All Governors were appointed on 1 July 2012

**Members**

Lincoln Diocesan Trust and Board of Finance Limited  
Revd E McDonald  
Mrs J Sharp  
Mr D Thorpe

**Company registered number**

08105941

**Principal and registered office**

The National CofE Junior School, Castlegate, Grantham, Lincs, NG31 6SR

**Senior Leadership Team**

Mr J Gibbs, Head Teacher  
Mrs K Sutherland, Deputy Head Teacher  
Mrs H Banks, Assistant Head Teacher  
Mrs P Harris, School Business Manager  
Miss S Leeson, Assistant Head Teacher  
Mrs J Watson, Assistant Head Teacher

**Independent auditors**

Streets Audit LLP, St Peters Chambers, 2 Bath Street, Grantham, Lincs, NG31 6EG

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

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**Advisers (continued)**

**Bankers**

Lloyds TSB, 42 St Peters Hill, Grantham, Lincs, NG31 6QF

**Solicitors**

Duncan Pickering LLB, 4 Southfields, Bourne, Lincs, PE10 9TZ

**Internal Auditor**

Julia Raftery Consulting Limited, Suite 2, Concorde House, Kirmington Business Park, Kirmington, North Lincs, DN39 6YP

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
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**GOVERNORS' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Harrowby/National Academies Trust (the Academy) for the period ended 31 August 2013. The Governors confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The Harrowby/National Academies Trust will hereafter be referred to as the Academy Trust.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**CONSTITUTION**

The Academy Trust is a company limited by guarantee with no share capital and an exempt charity. The Trust was incorporated on 14 June 2012, in the name of The Harrowby National Academies Trust. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of the Academy Trust and are also the directors of the Charitable Company for the purposes of company law.

Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

**MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The articles of association require the members of the Charitable Company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

The articles of association require that the Members of the Academy Trust shall comprise

- (a) the signatories to the Memorandum
- (b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- (c) the Chairman of the Governors
- (d) any person with written consent of the Diocesan Board of Education

The members of the trustee board may appoint additional trustees. Trustees may be removed by the person or persons who appointed them.

No additional trustees were appointed nor made by the Secretary of State in the period.

The trustees who were in office at 31 August 2013, and served throughout the period, are listed on page 1.

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

All trustees and Governors are provided with copies of procedures, minutes, accounts, budgets plans and other documents that they will need to undertake their role as trustees and Governors

All trustees and Governors have access to a range of training programmes

**ORGANISATIONAL STRUCTURE**

The Governing Body and trustees are responsible for the overall direction of the Academy Trust. Day to day management of the Academy Trust is delegated to the Chief Executive/Accounting Officer who is the Headteacher. The Headteacher reports to the Governors and trustees on a termly basis at the Finance Committee and Full Governors' Meetings. The trustees are responsible for approving the budget and also serve on the pay committee. There are two main committees of the Governing Body, the Staffing Committee and the Finance Committee which meet 3 times a year.

There is a Senior Leadership Team (SLT) which meets weekly. This consists of the Headteacher, Deputy Headteacher, three Assistant Headteachers and the School Business Manager. The members of the SLT have defined roles and responsibilities and are responsible for both schools.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Academy Trust works closely with Little Gonerby Church of England Infant School which is a feeder school for The National School along with Harrowby.

**RISK MANAGEMENT**

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the Academy Trust and its finances. The Governors have implemented a number of systems to assess risks that each school faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school visits) and in relations to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academies Trust has an effective system of internal financial controls and this is explained in more details in the Governance Statement.

The Academies Trust has fully implemented the requirements of the Safer Recruitment procedures with several Governors including the Headteacher having attended relevant courses. All staff have received training on Child Protection.

The schools currently enjoy rising numbers on roll. Financial oversight is exercised by the Chair of the Finance Committee and the Responsible Officer who reports to Governors twice annually per school.

**GOVERNORS' INDEMNITIES**

The Academy Trust has purchased insurance to protect Governors from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**PRINCIPAL ACTIVITIES**

The Academy Trust is responsible for providing education to students aged 4-11. This includes establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

The Academy Trust's principal object is 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 schools offering a broad and balanced curriculum.

The aim of each school is to provide a quality education in a caring and disciplined community.

- By maintaining the schools' reputation for good examination results,
- By allowing pupils of all abilities to attain their full potential and develop their own special qualities,
- By offering a wide range of extra curricular activities and sports,
- By maintaining the high standards and expectations of the school,
- By developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties,
- By expecting pupils to value all members of the schools' community and its environment,
- By allowing pupils to acquire attitudes and skills which enable them to give purpose to their lives and to make a contribution to the wider community.

We will promote all the aims within a Christian ethos developing moral and spiritual values.

Further details are contained in the schools' prospectuses.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy Trust during the period ended 31 August 2013 are summarised below.

- To ensure that every pupil enjoys the same high quality education in terms of resourcing, tuition and care,
- To raise the standard of educational achievement of all pupils,
- To improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review,
- To provide value for money for the funds expended,
- To comply with all appropriate statutory and curriculum requirements,
- To maintain close links with industry and commerce,
- To conduct the Academy Trust's business in accordance with the highest standards of integrity, probity and openness.

**PUBLIC BENEFIT**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy Trust's objectives and aims and in planning future activities for the year. Given the activities of the Academy Trust and the student population that it services, the trustees consider that the Academy's aims are demonstrably to the public benefit.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**ACHIEVEMENTS AND PERFORMANCE**

**GOING CONCERN**

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

**KEY FINANCIAL PERFORMANCE INDICATORS**

Pupil numbers in both schools continue to rise. The number on roll at Harrowby has risen by over 86% over the past four years (from 87 to 162). The number on roll at the National will be 450+ by September 2015 looking at the current infant numbers. In fact if current levels into the school over the past 12 months are maintained this could be nearer 500.

Pupil attendance is also important to the Academy Trust and attendance figures for both schools over the period are shown below.

**Harrowby Infant School**

Pupils on roll - 161

Overall attendance 2012-2013 94.1% (National Average 85.2%)

Unauthorised absence 0.12% (National Average 0.7%)

**The National Junior School**

Pupils on roll - 387

Overall attendance 2012-2013 95% (National Average 85.2%)

Unauthorised absence 1.03% (National Average 0.7%)

**REVIEW OF ACTIVITIES**

This has been an important year for both schools and the move to academy status has been exhilarating in terms of the opportunity to move both schools forward.

The Harrowby OfSTED report in March 2013 was extremely positive, the school is well on the way to being judged outstanding in all areas. At the National the improvement in the Literacy results in 2013 was extremely encouraging as was the percentage of children achieving level 6 in mathematics.

The progress of children across both schools is consistently good to outstanding and this should be reflected in KS1 and KS2 results in the next few years.

Curriculum Enrichment continues to be given the highest priority at both schools with the enthusiasm of the Harrowby children for singing and the variety of clubs, theme days and trips for KS1 pupils being exceptional. The decision to make all music and curriculum enrichment activities free of charge has seen an increase in the number of children receiving music tuition at the National and this has been commented on very favourably by numerous parents. The orchestra and choirs will thrive even more in the future.

Although enjoyment is the key in providing sport for all the success of our sports teams has been very notable over the past 12 months and the National currently has county and district champion teams and individuals in sports as diverse as gymnastics, cricket, football, cross country, athletics, tennis and swimming.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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A summary of the 2013 End of Key Stage 1 results and Key Stage 2 results is given below

**Harrowby – Early Years Foundation Stage (EYFS), Phonics Screening Test and End of Key Stage Assessment Results 2013**

EYFSP Good Level Of Development Results - 62.7% in 2013

EYFSP Average Total Points Score Results - 32.7 in 2013

Phonics Working At Results - 84.8% in 2013 (11.1% points rise since 2012)

**KS1 Reading Results**

92.9% in 2013

2.8% points fall since 2012

12.9% points rise since 2011

**KS1 Writing Results:**

92.9% in 2013

5% points fall since 2012

9.5% points rise since 2011

**KS1 Maths Results:**

100% in 2013

0% points equal to 2012

6.7% points rise since 2011

**The National Junior School – End of Key Stage Assessments 2013**

**KS2 Reading Results:**

91.4% in 2013

11.8% points rise since 2012

12% points rise since 2011

**KS2 Writing Results:**

79.7% in 2013

1.1% points rise since 2012

18.9% points rise since 2011

**KS2 Maths Results:**

78.7% in 2013

4.9% points rise since 2012

1.7% points fall since 2011

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**FINANCIAL REVIEW**

The Academy Trust held fund balances at 31 August 2013 comprising £227,533 of restricted funds, a pension reserve deficit of £475,000, restricted fixed asset funds of £28,533 and £101,524 of unrestricted general funds

Most of the Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities

During the period ended 31 August 2013, total expenditure of £2,262,050 was less than recurrent grant funding from the DfE together with other restricted incoming resources. The excess of income over expenditure for the period was £227,533

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £475,000

Detail is still awaited on future funding for the Trust from 2013 onwards. Pupil numbers are expected to remain stable. The impact of national funding spending cuts and of redirecting funding into the pupil premium for example, may have an adverse effect on grant funding

**FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Academy Trust is subject to a number of risks and uncertainties in common with other Academies. The Academy Trust has in place procedures to identify and mitigate financial risks

An audit of process and procedures has been carried out at The National Junior School during the period by an internal auditor. Their report contains areas of good practice as well as improvements that could be made

An audit of process and procedures by an internal auditor was undertaken at Harrowby Infant School during November 2013

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are centred around changes in the level of funding from DfE/EFA as well as significant falls in pupil numbers

**RESERVES POLICY**

Subject to EFA's constraints on permitted balances, the Academy's policy is to carry forward a prudent level of resources. Due to anticipated future cuts in funding, the situation will be kept under review. The reserves of the Academies are reviewed regularly and are considered to be sufficient for the Academies' requirements

**INVESTMENTS POLICY**

The Academies operate an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**PLANS FOR THE FUTURE**

**FUTURE DEVELOPMENTS**

Teaching and Learning

- To plan for delivery of new National Curriculum,
- To raise achievement and accelerate progress in maths,
- To improve the quality and teaching of reading,
- Improve tracking of vulnerable groups

Leadership

- Further imbed role of leadership across the Academy Trust,
- Subject Leaders to rigorously monitor standards

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

The Academy Trust will continue to work to raise both the aspirations and outcomes of all its students at whatever age, closing gaps between the performances of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information

This report was approved by order of the governing body on 2/12/13 and signed on its behalf by



**Revd E McDonald**  
Chair of Governors

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The governing body has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Harrowby/National Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The governing body has formally met 3 times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Revd C Andrews	2	3
Mrs S Eade, Staff Governor	3	3
Mr P Edwards	0	3
Mrs M Fraher, Staff Governor	3	3
Mr J Gibbs, Head Teacher and Staff Governor	3	3
Mrs C Hack	1	3
Mrs V Jackson	0	3
Miss S Leeson, Staff Governor	3	3
Revd E McDonald, Chair of Governors	3	3
Mr A Mendham	3	3
Mr J Morrissey	0	3
Mrs D Ramsay, Staff Governor	3	3
Mrs J Roberts	3	3
Mrs J Sharpe	3	3
Mrs K Sutherland, Staff Governor	3	3
Mr D Thorpe	3	3
Miss S Turner	0	3
Mr T Waterhouse	3	3
Dr T Williams	1	3

The Governing Body has considered the need for an audit committee during the period and decided not to form one due to the size of the Academy Trust.

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**GOVERNANCE STATEMENT (continued)**

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The Finance Committee is a sub-committee of the main governing body. Its purpose is to consider and approve all expenditure for the Academies during the period, interrogate expenditure, and authorise staff increments and large expenditure items not originally budgeted for.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Mr P Edwards	2	3
Mrs M Fraher	1	3
Mr J Gibbs	3	3
Miss S Leeson	3	3
Rev'd E McDonald	3	3
Mr T Mendham	1	3
Mrs D Ramsay	2	3
Mrs J Sharp	3	3
Mrs K Sutherland	2	3
Mr D Thorpe	3	3

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Harrowby/National Academies Trust for the period 13 June 2012 to 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 Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 13 June 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

**THE RISK AND CONTROL FRAMEWORK**

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

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

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**GOVERNANCE STATEMENT (continued)**

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The governing body has considered the need for a specific internal audit function and has decided to appoint Julia Raftery Consulting Limited as internal auditor

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a semi-annual basis, the internal auditor reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The National Junior School had undertaken their internal audit. An internal audit was undertaken at Harrowby Infant School during November 2013.

One area highlighted as a high risk in the Internal Auditor's report for the National school was receipt of school lunch monies. Hot lunches are now provided by an outside provider who deals with all monies – none are processed through either school office. Other areas for improvement have been noted from the report and will be discharged in due course. Every effort will be made to adopt these improvements.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Head Teacher 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 internal auditor,
- the work of the external auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 21/2/13 and signed on their behalf, by

  
Revd E McDonald  
Chair of Governors

  
Mr J Gibbs  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Harrowby/National Academies Trust I have considered my responsibility to notify the Academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Academy governing body are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012)

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

  
Mr J Gibbs  
Accounting Officer

Date . 2 December 2013

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**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Governors (who act as governors of The Harrowby/National Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the governing body on 21.2.13 and signed on its behalf by



**Revd E McDonald**  
Chair of Governors

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HARROWBY/NATIONAL ACADEMIES TRUST**

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We have audited the financial statements of The Harrowby/National Academies Trust for the period ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 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 the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HARROWBY/NATIONAL ACADEMIES TRUST**

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

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

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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

St Peters Chambers  
2 Bath Street  
Grantham  
Lincs  
NG31 6EG  
Date 9/12/2013

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE  
HARROWBY/NATIONAL ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 16 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 The Harrowby/National Academies Trust during the period 13 June 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 The Harrowby/National Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Harrowby/National Academies Trust 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 The Harrowby/National Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE HARROWBY/NATIONAL ACADEMIES TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of The Harrowby/National Academies Trust's funding agreement with the Secretary of State for Education dated 1 July 2012, and the Academies Financial Handbook extant from 2006, 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 13 June 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

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

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

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

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE  
HARROWBY/NATIONAL ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 13 June 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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

St Peters Chambers  
2 Bath Street  
Grantham  
Lincs  
NG31 6EG

Date 9/12/2013

**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of recognised gains and losses)  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Transfer from Local Authority on conversion	2	69,126	(376,000)	30,620	(276,254)
Activities for generating funds	3	92,677	7,518	-	100,195
Investment income	4	394	-	-	394
Incoming resources from charitable activities	5	58,958	2,516,657	-	2,575,615
<b>TOTAL INCOMING RESOURCES</b>		<b>221,155</b>	<b>2,148,175</b>	<b>30,620</b>	<b>2,399,950</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities		117,394	2,247,208	9,512	2,374,114
Governance costs	7	29,405	44,841	-	74,246
<b>TOTAL RESOURCES EXPENDED</b>	10	<b>146,799</b>	<b>2,292,049</b>	<b>9,512</b>	<b>2,448,360</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>74,356</b>	<b>(143,874)</b>	<b>21,108</b>	<b>(48,410)</b>
Transfers between Funds	21	27,168	(34,593)	7,425	-
<b>NET EXPENDITURE FOR THE PERIOD</b>		<b>101,524</b>	<b>(178,467)</b>	<b>28,533</b>	<b>(48,410)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(69,000)	-	(69,000)
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>101,524</b>	<b>(247,467)</b>	<b>28,533</b>	<b>(117,410)</b>
<i>Total funds at 13 June 2012</i>		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>101,524</b>	<b>(247,467)</b>	<b>28,533</b>	<b>(117,410)</b>

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

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

The notes on pages 22 to 44 form part of these financial statements

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**

**(A company limited by guarantee)**

**REGISTERED NUMBER: 08105941**

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**BALANCE SHEET  
AS AT 31 AUGUST 2013**

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	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	18		<b>28,533</b>
<b>CURRENT ASSETS</b>			
Debtors	19	<b>107,092</b>	
Cash at bank and in hand		<b>321,392</b>	
		<b>428,484</b>	
<b>CREDITORS</b> * amounts falling due within one year	20	<b>(99,427)</b>	
<b>NET CURRENT ASSETS</b>			<b>329,057</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>357,590</b>
Defined benefit pension scheme liability	28		<b>(475,000)</b>
<b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b>			<b>(117,410)</b>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds			
Restricted funds	21	<b>227,533</b>	
Restricted fixed asset funds	21	<b>28,533</b>	
		<b>256,066</b>	
Restricted funds excluding pension liability			
Pension reserve		<b>(475,000)</b>	
Total restricted funds			<b>(218,934)</b>
Unrestricted funds	21		<b>101,524</b>
<b>TOTAL DEFICIT</b>			<b>(117,410)</b>

The financial statements were approved by the Governors, and authorised for issue, on  
2 December 2013 and are signed on their behalf, by

  
Revd E McDonald  
Chair of Governors

The notes on pages 22 to 44 form part of these financial statements

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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	Note	period ended 31 August 2013 £
Net cash flow from operating activities	23	328,423
Returns on investments and servicing of finance	24	394
Capital expenditure and financial investment	24	(7,425)
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>321,392</b>

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

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

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	period ended 31 August 2013 £
Increase in cash in the period	321,392
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>321,392</b>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>321,392</b>

The notes on pages 22 to 44 form part of these financial statements

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

**1.2 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

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

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

Charitable activities are costs incurred in the Academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

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

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

Land and buildings are owned by the Lincoln Diocesan Trust and Board of Finance and used under the terms of a supplemental agreement. The terms of the agreement do not transfer the benefits of ownership to the Academy Trust and, consequently, the value of these assets has not been recognised in the financial statements.

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.

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

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

Computer equipment                      -     25% Straight Line

**1.7 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.8 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

**1.9 Conversion to an academy trust**

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

The assets and liabilities transferred on conversion from both Harrowby CofE Infant School and The National CofE Junior School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Harrowby/National Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 26

**2 VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Transfer from Local Authority on conversion	69,126	(345,380)	(276,254)

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Catering	34,718	-	34,718
Other Income	57,959	7,518	65,477
	<u>92,677</u>	<u>7,518</u>	<u>100,195</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Investment income	394	-	394

**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Harrowby Infant School	30,805	761,932	792,737
The National Junior School	28,153	1,754,725	1,782,878
	<u>58,958</u>	<u>2,516,657</u>	<u>2,575,615</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>DfE/EFA grants</b>			
EFA Grants	25,837	725,388	751,225
Other Government Grants	4,968	36,544	41,512
	<u>30,805</u>	<u>761,932</u>	<u>792,737</u>

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Harrowby Infant School	21,292	678,204	699,496
The National Junior School	96,102	1,578,516	1,674,618
	<u>117,394</u>	<u>2,256,720</u>	<u>2,374,114</u>

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Harrowby Infant School	563,287	-	136,209	699,496
The National Junior School	1,359,847	9,512	305,259	1,674,618
	<u>1,923,134</u>	<u>9,512</u>	<u>441,468</u>	<u>2,374,114</u>

**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

**7 GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Governance Auditors' remuneration	-	10,790	10,790
Legal and Professional Fees	29,405	33,074	62,479
Support Costs	-	977	977
	<u>29,405</u>	<u>44,841</u>	<u>74,246</u>

**8. DIRECT COSTS**

	Harrowby Infants £	National Junior £	Total 2013 £
Pension Finance Cost	17,000	-	17,000
Educational Supplies	13,875	19,414	33,289
Examination Fees	-	1,059	1,059
Staff Development	3,661	12,760	16,421
Educational Consultancy	6,032	15,920	21,952
Other Direct Costs	2,402	26,290	28,692
Wages and Salaries	409,911	939,194	1,349,105
National Insurance	24,137	72,908	97,045
Pension Cost	46,996	134,371	181,367
Depreciation	-	6,906	6,906
	<u>524,014</u>	<u>1,228,822</u>	<u>1,752,836</u>

**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

**9. SUPPORT COSTS**

	Harrowby Infants £	National Junior £	Total 2013 £
Recruitment and Support	343	117	460
Maintenance of Premises	14,165	46,093	60,258
Maintenance of Equipment	2,227	9,176	11,403
Cleaning	3,420	4,925	8,345
Operating Lease Rentals	7,464	5,020	12,484
Rates	589	1	590
Water Rates	1,403	7,373	8,776
Energy	8,650	19,402	28,052
Insurance	26,944	54,509	81,453
Security	-	1,684	1,684
Transport	129	6,083	6,212
Catering	18,397	43,872	62,269
Technology Costs	1,975	20,716	22,691
Occupancy Costs	642	1,731	2,373
Other Support Costs	6,891	9,114	16,005
Wages and Salaries	63,394	167,135	230,529
National Insurance	2,778	8,683	11,461
Pension Cost	16,071	37,556	53,627
Depreciation	-	2,606	2,606
	<u>175,482</u>	<u>445,796</u>	<u>621,278</u>

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

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Direct Costs - Harrowby Infants	481,044	-	42,970	524,014
Direct Costs - National Junior	1,146,473	6,906	75,443	1,228,822
Support Costs - Harrowby Infants	82,243	-	93,239	175,482
Support Costs - National Junior	213,374	2,606	229,816	445,796
<b>Charitable activities</b>	<u>1,923,134</u>	<u>9,512</u>	<u>441,468</u>	<u>2,374,114</u>
<b>Governance</b>	<u>-</u>	<u>-</u>	<u>74,246</u>	<u>74,246</u>
	<u>1,923,134</u>	<u>9,512</u>	<u>515,714</u>	<u>2,448,360</u>

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Harrowby Infant School	524,014	175,482	699,496
The National Junior School	1,228,822	445,796	1,674,618
	<u>1,752,836</u>	<u>621,278</u>	<u>2,374,114</u>
Total	<u>1,752,836</u>	<u>621,278</u>	<u>2,374,114</u>

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

This is stated after charging

	period ended 31 August 2013 £
Depreciation of tangible fixed assets - owned by the charity	9,512
Auditors' remuneration	10,790
Operating lease rentals	<u>12,485</u>

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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**13. STAFF COSTS**

Staff costs were as follows

	period ended 31 August 2013 £
Wages and salaries	1,579,634
Social security costs	108,506
Other pension costs (Note 28)	234,994
	<hr/> 1,923,134 <hr/>

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

	period ended 31 August 2013 No.
Teachers	24
Admin and Support	46
Management	1
	<hr/> 71 <hr/>

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

	period ended 31 August 2013 No
In the band £70,001 - £80,000	1
In the band £90,001 - £100,000	1
	<hr/> 2 <hr/>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £23,716

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**THE HARROWBY/NATIONAL ACADEMIES TRUST**  
(A company limited by guarantee)

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

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**14. CENTRAL SERVICES**

The Academy Trust has provided the following central services to its academies during the year

Head Teacher's salary  
IT Technician's salary  
Audit and accountancy fees  
Other miscellaneous expenditure

The Academy Trust charges for these services on the following basis

Staff salaries are charged 70% to The National Junior School and 30% to Harrowby Infant School  
Audit and accountancy fees are charged equally between the two schools  
Other miscellaneous expenditure, e.g. train fare, is charged according to the school it relates to

The actual amounts charged during the period were as follows

	period ended 31 August 2013 £
Harrowby Infant School	46,169
The National Junior School	101,811
	<hr/>
Total	147,980
	<hr/>

**15. GOVERNORS' REMUNERATION AND EXPENSES**

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands

	period ended 31 August 2013 £
Mr J Gibbs	95,000-100,000
Mrs K Sutherland	70,000-75,000
Mrs S Eade	40,000-45,000
Mrs D Ramsey	40,000-45,000
Miss S Leeson	55,000-60,000
Mrs M Fraher	10,000-15,000

During the period, no Governors received any reimbursement of expenses

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**16. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2013 was £748.

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

**17. PENSION FINANCE COST**

	period ended 31 August 2013 £
Expected return on pension scheme assets	16,000
Interest on pension scheme liabilities	(33,000)
	<u>(17,000)</u>

**18. TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>Cost</b>	
At 13 June 2012	-
Additions	38,045
At 31 August 2013	<u>38,045</u>
<b>Depreciation</b>	
At 13 June 2012	-
Charge for the period	9,512
At 31 August 2013	<u>9,512</u>
<b>Net book value</b>	
At 31 August 2013	<u>28,533</u>

As noted in the accounting policies, the land and buildings are owned by the Lincoln Diocesan Trust and Board of Finance and used under the terms of a supplemental agreement. The terms of the agreement do not transfer the benefits of ownership to the Academy Trust and, consequently, the value of these assets has not been recognised in the financial statements.

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**19. DEBTORS**

	2013 £
Other debtors	35,831
Prepayments and accrued income	71,261
	<u>107,092</u>

**20. CREDITORS:**  
**Amounts falling due within one year**

	2013 £
Trade creditors	16,157
Other taxation and social security	29,015
Other creditors	29,766
Accruals and deferred income	24,489
	<u>99,427</u>
	£
<b>Deferred income</b>	
Resources deferred during the period	<u>7,942</u>

Deferred income relates to DFC income received during the period for the period April 2013 to March 2014

**21 STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted Funds	-	221,155	(146,799)	27,168	-	101,524

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**21 STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	-	2,275,554	(2,082,264)	(34,593)	-	158,697
Pension reserve	-	(376,000)	(30,000)	-	(69,000)	(475,000)
Other Restricted funds	-	248,621	(179,785)	-	-	68,836
	-	2,148,175	(2,292,049)	(34,593)	(69,000)	(247,467)

**Restricted fixed asset funds**

Transfer on Conversion	-	30,620	-	-	-	30,620
Transfer from GAG	-	-	(9,512)	7,425	-	(2,087)
	-	30,620	(9,512)	7,425	-	28,533
Total restricted funds	-	2,178,795	(2,301,561)	(27,168)	(69,000)	(218,934)
Total of funds	-	2,399,950	(2,448,360)	-	(69,000)	(117,410)

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Governors. These are not currently designated for particular purposes.

Restricted Fixed Asset funds

Transfer from former school represents the land, buildings and assets transferred to the Academy from the Local Authority upon conversion.

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2013 were allocated as follows

Harrowby Infant School	98,615
The National Junior School	230,442
	<u>329,057</u>
Total before fixed asset fund and pension reserve	329,057
Restricted fixed asset fund	28,533
Pension reserve	(475,000)
	<u>(117,410)</u>
Total	<u><u>(117,410)</u></u>

**ANALYSIS OF ACADEMIES BY COST**

Expenditure incurred by each academy during the year was as follows

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depn £	Total £
Harrowby Infant School	481,045	77,243	13,875	163,952	736,115
The National Junior School	1,146,473	205,374	19,414	331,469	1,702,730
	<u>1,627,518</u>	<u>282,617</u>	<u>33,289</u>	<u>495,421</u>	<u>2,438,845</u>

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	221,155	(146,799)	27,168	-	101,524
Restricted funds	-	2,148,175	(2,292,049)	(34,593)	(69,000)	(247,467)
Restricted fixed asset funds	-	30,620	(9,512)	7,425	-	28,533
	<u>-</u>	<u>2,399,950</u>	<u>(2,448,360)</u>	<u>-</u>	<u>(69,000)</u>	<u>(117,410)</u>

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**22 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	28,533	28,533
Current assets	106,420	322,064	-	428,484
Creditors due within one year	(4,896)	(94,531)	-	(99,427)
Provisions for liabilities and charges	-	(475,000)	-	(475,000)
	<u>101,524</u>	<u>(247,467)</u>	<u>28,533</u>	<u>(117,410)</u>

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

	period ended 31 August 2013 £
Net incoming resources before revaluations	(48,410)
Returns on investments and servicing of finance	(394)
Transfer from Local Authority on conversion	345,380
Depreciation of tangible fixed assets	9,512
Increase in debtors	(107,092)
Increase in creditors	99,427
FRS 17 adjustments	30,000
<b>Net cash inflow from operations</b>	<u><u>328,423</u></u>

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

	period ended 31 August 2013 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u><u>394</u></u>
	period ended 31 August 2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	<u><u>(7,425)</u></u>

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**25 ANALYSIS OF CHANGES IN NET FUNDS**

	13 June 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	-	321,392	-	321,392
<b>Net funds</b>	<b>-</b>	<b>321,392</b>	<b>-</b>	<b>321,392</b>

**26 CONVERSION TO AN ACADEMY TRUST**

On 1 June 2012 both Harrowby CofE Infant School and The National CofE Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Harrowby/National Academies Trust from Lincolnshire Local Authority for £NIL consideration

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Other tangible fixed assets	-	-	30,620	30,620
Budget surplus/(deficit) on LA funds	-	15,521	-	15,521
Budget surplus/(deficit) on other school funds	-	53,605	-	53,605
LGPS pension surplus/(deficit)	-	(376,000)	-	(376,000)
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(306,874)</b>	<b>30,620</b>	<b>(276,254)</b>

The above net liabilities include £69,126 that were transferred as cash

**27. CAPITAL COMMITMENTS**

At 31 August 2013 the Academy had capital commitments as follows

	2013 £
Contracted for but not provided in these financial statements	-

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**28. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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**28 PENSION COMMITMENTS (continued)**

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

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

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can 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.

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**28. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £97,000, of which employer's contributions totalled £73,000 and employees' contributions totalled £24,000.

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.

As described in note 26 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows

	period ended 31 August 2013 £
Present value of funded obligations	(831,000)
Fair value of scheme assets	356,000
	<hr/>
Net liability	(475,000)
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The amounts recognised in the Statement of financial activities are as follows

	period ended 31 August 2013 £
Current service cost	(86,000)
Interest on obligation	(33,000)
Expected return on scheme assets	16,000
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Total	(103,000)
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**28. PENSION COMMITMENTS (continued)**

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

	period ended 31 August 2013 £
Current service cost	86,000
Interest cost	33,000
Contributions by scheme participants	24,000
Actuarial Losses	96,000
Fair value of defined benefit obligation transferred to the academy upon conversion	592,000
	<u>831,000</u>
Closing defined benefit obligation	<u>831,000</u>

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

	period ended 31 August 2013 £
Expected return on assets	16,000
Actuarial gains and (losses)	27,000
Contributions by employer	73,000
Contributions by employees	24,000
Fair value of pension scheme assets transferred to the academy upon conversion	216,000
	<u>356,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £69,000

The Academy expects to contribute £69,000 to its Defined benefit pension scheme in 2014

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

	2013
European equities	77.00 %
European bonds	12.00 %
Property	11.00 %

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	6.10 %
Rate of increase in salaries	5.10 %
Rate of increase for pensions in payment / inflation	2.80 %

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**28 PENSION COMMITMENTS (continued)**

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

	<b>2013</b>
Retiring today	
Males	21.2
Females	23.4
Retiring in 20 years	
Males	23.7
Females	25.7

Amounts for the current period are as follows

Defined benefit pension schemes

	<b>2013</b>
	<b>£</b>
Defined benefit obligation	(831,000)
Scheme assets	356,000
	<u>(475,000)</u>
Deficit	<u>(475,000)</u>
Experience adjustments on scheme liabilities	(96,000)
Experience adjustments on scheme assets	27,000
	<u><u>27,000</u></u>

**29 OPERATING LEASE COMMITMENTS**

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

	<b>Land and buildings 2013 £</b>	<b>Other 2013 £</b>
<b>Expiry date:</b>		
Between 2 and 5 years	-	573
	<u><u>-</u></u>	<u><u>573</u></u>

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**30. RELATED PARTY TRANSACTIONS**

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

K Sutherland, a staff governor, has a family connection with Printhub, a company which supplies printing services to the Academy Trust. During the period transactions with Printhub amounted to £2,031. There were no amounts outstanding at the period end.

There are no other related party transactions.

**31. CONTINGENT LIABILITIES**

The Academy had no contingent liabilities at 31 August 2013.

In the event of The Harrowby/National Academies Trust ceasing to operate as an Academy, provisions are included in the funding agreement relating to clawback of assets and monies paid to the Academy.