

Harrogate High School Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Period from the 17th May 2012 to the 31st August 2013

Company Registration Number:
08074099 (England and Wales)

Harrogate High School Academy Trust

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Harrogate High School Academy Trust

Reference and administrative details

Trustees

17th May 2012 Subscribers

John Adams
Mark Campey
Tracy Charlish
Ian Curtis
Jean Lane
Julia Shaw (resigned 3rd December 2012)
Richard Thomas
David Watson
Guy Winter

Appointed 3rd July 2012

Andrew Bayston (Principal and Accounting Officer)
Margaret-Ann de Courcey-Bayley
Tracey McWilliams
Geraldine Potts

Appointed 9th October 2012

Karen Naylor

Secretary

Sally Cocker (Appointed 17th May 2012)

Senior Leadership Team

Andrew Bayston (Principal)
Pauline Dolata (Vice Principal)
Ann Francis (Vice Principal)
Rickie Wilson (Assistant Principal)
Charlotte Clarke (Assistant Principal)
Adam Richards (Assistant Principal)
Sally Cocker (Finance Director)

Registered Office

Ainsty Road
Harrogate HG1 4AP
Tel: 01423 548800

Company Registration Number

08074099 (England and Wales)

Auditors

Colman, Whittaker and Roscow
Chartered Accountants
The Close, Queen Square
Lancaster LA1 1RS

Bankers

Lloyds Bank plc
8 Cambridge Crescent
Harrogate HG1 8PQ

Solicitors

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds LS2 3AG

Harrogate High School Academy Trust

Trustees' Report

The Trustees present their annual report together with the audited financial statements of the Academy Trust (the Academy) for the period ended 31st August 2013.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity with no share capital (Company registered number 08074099). The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The charitable company was incorporated on 17th May 2012 and began trading on 1st June 2012.

The trustees of Harrogate High School Academy Trust are the governors of the school who are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Harrogate High School Academy Trust.

Details of the members together with the trustees who served during the year are included in the Reference and Administrative Details on page 2.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of its 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.

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every Trustee or other officer of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust. As explained in note 11 to the financial statements the limit of this indemnity is £5,000,000.

Principal Activities

The academy is an independent school with a balanced and broadly based curriculum providing education for pupils of different abilities wholly or mainly drawn from the area in which the school is situated. It places an emphasis on the needs of the individual students including students with special education needs (SEN). It provides the opportunity to study for relevant qualifications with assessments of students' performance as applied to maintained schools.

The school is at the heart of its community, promoting community cohesion and sharing facilities with the wider community. There is no charge in respect of admission to the school and the school only charges students where the law allows maintained schools to charge. The Academy Trust receives and manages donations and uses reasonable endeavours to procure donations for the purpose of its educational objectives. The admissions policy and arrangements for the school are as applied to maintained schools. Teachers' levels of pay and conditions of service for all employees are the responsibility of the Academy Trust which has chosen to follow national pay scales and conditions.

Method of Recruitment and Appointment or Election of Trustees

The management of the Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms set out in the Articles of Association.

The Trustees are Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of the charity legislation. Up to 14 Trustees may be appointed by the members. Staff Trustees are appointed through an appropriate process such as a staff election and the total number (including the Principal) may not exceed one third of the total number of trustees.

The Principal is treated as being an ex officio trustee. Parent Trustees are elected by parents of registered pupils at the academy and must be a parent of a student at the academy. The Academy Trust holds an agreement with the Northern Star Umbrella Trust and the Umbrella Trust may appoint trustees by giving written notice to the Academy Trust, but have not done so and are unlikely to do so in the future given the new relationship with the academy (see section on connected organisations, below). The Trustees may appoint up to three Co-opted Trustees, but so far have not done so.

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction provided for new trustees depends on their existing experience and where necessary, covers training on charity, educational, legal and financial matters. All new trustees are given a tour of the academy, the chance to meet with staff and students and an opportunity to attend Senior Leadership Team meetings. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and governors. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The Academy Trust structure comprises:

members;
governors (trustees/directors);
the Senior Leadership Team;
the management team comprising middle leaders (heads of academic departments) or line managers;
teaching and support staff.

The members oversee the achievement of the company's objectives, appoint some of the directors, oversee the annual accounts, annual reports and the performance of the directors and exercise powers reserved to them, such as amending the Articles of the company.

The governors/trustees/directors are responsible for determining the educational character and mission of the academy, setting general policy, adopting a school development plan and budget, monitoring the academy's academic and financial progress and making major decisions about the direction of the academy, approval of the audited financial statements, capital expenditure and the appointment of the Principal, Vice Principal and Finance Director. The Principal has delegated power to undertake all other functions delegated to the Governing Body.

During this period, the Senior Leadership Team comprised the Principal, two Vice Principals, the Finance Director and three Assistant Principals. There were three associate members of the team: the Head of English, the Head of Inclusion and the Head of Humanities. These senior managers control the academy at an executive level implementing the policies laid down by the governors and reporting back to them and are responsible for the day-to-day operation of the academy, in particular organising the teaching staff, facilities and students.

The middle and senior management teams are responsible for managing the staff in their own areas regardless of whether those staff are teachers or support staff. The aim of this integrated management structure is to devolve responsibility and encourage involvement in decision making at all levels as well as to ensure that performance is managed by the most appropriate person.

Senior and middle managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although appointment boards must always contain a governor or a senior manager. Spending at all levels must also be authorised by the Finance Director.

Risk Management

The trustees have assessed the major risks to which the academy is exposed, including strategic, reputational, operational, compliance and financial risks as well as those relating to teaching, provision of facilities and other operational areas of the academy. The findings of this risk assessment, together with control measures, are contained within the academy's risk register which is under regular review.

Systems of control introduced to manage risk include:

- Robust structure of governing body committees together with detailed terms of reference and formal agendas covering areas of risk
- Operational procedures including
 - vetting of new staff and visitors
 - clear procedures with regard to safeguarding children
 - supervision of school premises
- Comprehensive policies, reviewed regularly, covering health and safety, child protection, human resources etc. together with a staff code of conduct
- Finance manual covering all financial systems and controls, responsibilities and the scheme of delegation
- Programme of internal and external audit which includes the Responsible Officer role

Harrogate High School Academy Trust

Trustees' Report (continued)

- Ongoing programme of self-assessment and quality control carried out by the Senior Leadership Team covering students' progress and achievement, behaviour and safety and the quality of teaching and learning
- Insurance cover for risks that cannot be removed

The governors are satisfied that adequate measures are in place to mitigate risk where possible and those measures provide a reasonable level of assurance that risks are adequately managed. They are also satisfied that adequate insurance is in place for those risks which cannot be eliminated.

Connected Organisations Including Related Party Relationships

In July 2012, the Academy Trust entered into an agreement with the Northern Star Umbrella Trust - based at Skipton Girls' High School - to raise standards and attainment at Harrogate High School. By May 2013, the targets for improvement in the agreement were exceeded when Harrogate High School achieved an Ofsted rating of 'Good' with 'Outstanding' leadership and management. As a result the agreement is currently being re negotiated to reflect a new relationship between the schools.

In addition to the Northern Star Umbrella Trust, the Academy Trust is a strategic partner of the Northern Lights Teaching Alliance. The alliance is a joint venture of Skipton Girls' High School Academy Trust and Feversham College, both designated 'teaching schools' by the National College of School Leaders. It exists to ensure the joint delivery of high quality teacher training, leadership development and research and development. Harrogate High School as a strategic partner has agreed to support the alliance in training new entrants to the teaching profession, providing peer-to-peer support, developing leadership potential, providing school-to-school support, brokering the supply of system leaders (such as Specialist Leaders in Education) and engaging in and promoting research and development for the benefit of the alliance.

Objectives and Activities

Objects and aims

The principal object and activity of the Charitable Company is the operation of Harrogate High School to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on sports.

The main objectives of the Academy during the period ended 31st August 2013 are summarised below:

Progress and Attainment

- Accelerate students' progress and raise attainment, particularly in English, Mathematics and Science
- Aspirational work with Level 4 and Level 5 children to increase progress of the gifted and talented
- Therefore deliver targets for GCSE A*-A grades in English, Mathematics and Science for 2013

Teaching and Learning

- Improve the proportion of good and outstanding teaching and learning by:
 - sharing existing good practice effectively
 - securing more consistent student engagement in lessons through increasing the pace and challenge in teaching and learning
 - providing opportunities for students to assess and take responsibility for their own learning
 - making the quality of marking and feedback more consistent

The Sixth Form

- Secure the strategic direction of the sixth form and improve its outcomes:
 - establishing a clear vision for the sixth form and its leadership
 - integrating it more effectively with the whole school
 - developing the curriculum to better meet the needs and aspirations of students
 - ensuring that monitoring and evaluation of impact of improvement strategies are rigorous
- Improve retention and attendance post-16

Leadership and Management

- Develop the quality and effectiveness of middle leaders across the school – developing devolved accountability and responsibility
- Develop sixth form leadership to increase effectiveness and secure quality provision and outcomes

Trustees' Report (continued)

The Curriculum

- Develop an appropriate curriculum and challenge for students in light of new DfE guidance on curriculum changes for 2014
- Develop the curriculum to promote students' communication and mathematical skills
- Develop an accelerated curriculum through vertical learning groupings
- Evaluate the 'vocational' versus 'GCSE' balance and EBacc subjects in order to improve quality rather than quantity of results

New Technologies for Learning

- Work to develop the ICT capacity of the school and to introduce new technologies as a tool to encourage greater student engagement and involvement in learning
- Work jointly with Skipton Girls' High School to utilise its Virtual Learning Environment and learning platforms
- Develop remote sharing of resources

Targets and results

	FFT D (RANK 25)¹	School's own target	Result achieved 2013
Students achieving five or more GCSEs at grade A*-C	81%	95%	99.3%
Students achieving five or more GCSEs (including English and Maths) at grade A*-C	54%	60%	54%
Attendance		94.5%	94.1%
Persistent Absence		5% (@ 85%)	5.43% (@85%)

A*-A pass rate at A2 (A-level)	29% (3% above national average)
A2 (A-level) grades at A*-B	44%
A2 (A-level) grades at A*-E	99%

Future Targets

	FFT D (RANK 25)	School Target 2014
5 A*-C (inc English and Maths)	54%	60%
English A*-C	62%	68%
English 3 levels of progress	64%	68%
English more than 3 levels of progress	25%	29%
English A*-A	10%	12%
Maths A*-C	64%	70%
Maths 3 levels of progress	60%	70%
Maths more than 3 levels of progress	22%	29%
Maths A*-A	12%	14%
Science x 2 A*-C	59%	62%
Science 3 levels of progress	N/A	69%
Science more than 3 levels of progress	N/A	29%
Science x 2 A*-A	11%	13%
Sport A*-C	55%	95%
Attendance		95%
Persistent Absence		4.5% (@ 85%)

¹Fischer Family Trust provides data to schools to help them evaluate performance and set challenging yet realistic targets. FFT D (Rank 25) refers to the target provided for Harrogate High School taking into account the specific student cohort's prior attainment, free school meal eligibility and demographic factors and adjusted for the progress made by pupils in the top 25% of schools for value added.

Harrogate High School Academy Trust

Trustees' Report (continued)

Objectives, Strategies and Activities

The academy's main strategy is encompassed in its vision statement which is:

Learning First...

We will work together to raise the achievement of all students, thereby improving their life chances. By 'embedding ambition' in our students we will enable our young people to lead balanced lives as adults, capable of contributing to their community.

The Academy Trust's key activities during this reporting period included:

- teaching and learning opportunities for all students to attain appropriate academic qualifications;
- professional development opportunities for all staff;
- work experience and placing of students with industrial and commercial partners;
- a programme of sporting and after school enrichment activities for all students;
- a system of after school clubs to allow students to undertake independent learning or intervention sessions;
- personalised learning and provision for students with special educational needs;
- a careers advisory service to help students obtain employment or move on to higher education.

Public Benefit

The governors have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Academy Trust provides education to children and young people that

- is balanced and broadly based
- promotes the spiritual, moral, cultural, mental and physical development of students at the school
- prepares students at the school for the opportunities, responsibilities and experiences of later life and aims to maximise their life chances

The Academy Trust is a non-selective school serving the north side of Harrogate. It is subject to the current statutory arrangements as laid down in the national Admissions Code. Current arrangements for entry to the school are available in the section of the school website dealing with admissions arrangements:

<http://www.harrogatehighschool.net/about-us/page.asp?page=admissions>

Achievements and Performance

The number of students on roll at the end of the academic year 2012-13 numbered 629 which represents a continuing trend of falling rolls. The academy will consult in December 2013 on a reduction in its published admission number to reflect the reduced roll in recent years and the capacity of the new school which will replace the existing building entirely in 2016.

Despite the fall in numbers, the performance of the academy and its students' achievement has continued to remain high. The school was inspected by Ofsted in May 2013 and was very pleased to be given a judgement of "Outstanding" for Leadership and Management and "Good" in all other categories. The school has been awarded *Investors in Pupils* status and has been awarded the *Inclusion Quality Mark* at Level 3 (the highest possible level) and in December was also awarded the *Dyslexia Quality Mark*.

In terms of the attainment gap between disadvantaged students and their peers, this has been narrowed by a further 14% in English and 18% in Maths since 2012. 58% of disadvantaged pupils achieved expected progress in English compared with 66% of other pupils and 67% of disadvantaged pupils achieved expected progress in Maths compared with 68% of other pupils.

To ensure that standards are continually raised the academy:

- operates a programme of continuing professional development and appraisal for all staff including observation of lessons;
- is visited by inspectors;
- undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A-level to assess the progress made;
- provides personalised, differentiated teaching and learning;
- operates a system of individual student tracking and reporting to enable targeted early intervention for those students failing to make adequate progress.

Trustees' Report (continued)

Curriculum

At Key Stage 3 (Years 7 & 8), students followed a broad and balanced curriculum focused upon providing learning and enjoyment as a foundation for Key Stage 4.

All students studied:

- English
- Mathematics
- Science
- Design Technology
- Information Technology
- Modern Language (Spanish or French)
- History
- Geography
- Art & Design
- Music
- Physical Education (including Swimming)
- Religious Education

Citizenship, Careers Education, Enterprise and Personal, Social and Health Education themes were taught through subjects and a programme of special learning days.

At Key Stage 4 (Years 9 to 11) the academy provided a 'stage not age' curriculum which allowed some students to take GCSE exams in Years 9 and 10 and then move on to pursue additional qualifications.

All students studied towards qualifications in:

- English
- Mathematics
- Science
- Physical Education (including Dance option)
- Information Technology
- Religious Education & Citizenship

Students also chose from a variety of optional courses. The academy offered a range of qualifications including GCSE, BTEC First Certificate and/or Diploma, OCR Nationals, NVQ Level 1 and Level 2 and Modern Apprenticeships (in partnership with Harrogate College).

Students were also involved in a number of charity and community activities including:

- Fundraising within school and in the community for the Children's Cancer and Leukaemia Group and Comic Relief
- Competing in the Great North Run
- Organising social events in school for senior citizens
- Visiting Ecuador (having fundraised for the trip) to do some teaching, wildlife conservation, community work and open water diving
- Taking part in the Rotary Youth Leadership Award
- Competing in the Young Enterprise Scheme (winners of 'Best Trade Stand' award)
- Involvement in Amnesty International's *Write for Rights* campaign
- Joining the North Yorkshire Sport's 'Sport Makers' programme to learn how to volunteer to bring sports to the local community
- Voluntary work with Crucial Crew primary school safety campaign
- Winner of the *York Against Cancer* music competition

In addition to academic achievements and performance, the Academy Trust has also had a successful year in relation to building and facilities development. The school entered into the Priority Schools Building Programme in May and is now in the Yorkshire Batch of schools due to be completely rebuilt in 2015/16. Alongside this major redevelopment, the Harrogate Spa Tennis Centre has received planning permission and is due to be built on the school site to provide tennis coaching and first-class facilities for the students and members of the community.

Harrogate High School Academy Trust

Trustees' Report (continued)

Going Concern

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

Key Performance Indicators

The key performance indicator for the Academy Trust's financial performance in the reporting period was the delivery of a balanced budget (or a year-end surplus). Given the fall in rolls, the GAG income has fallen during the reporting period and this was managed through restructuring, effective management of resources and efficiency savings

Financial Review

These financial statements reflect a 15 month accounting period from 1st June 2012 to 31st August 2013. The majority of income received is obtained from the Educational Funding Agency (EFA) in the form of recurrent General Annual Grant (GAG) funding, the use of which is restricted for the day to day running of the Academy Trust. Total grants received from the EFA are set out in the statement of financial activities.

During the period the Academy Trust received £6,103,000 of income, of which £5,305,000 was GAG funding. Other grants and income amounted to £798,000. In addition to this the Academy Trust inherited the buildings from which it operates. These have been shown in the accounts within assets on conversion and capitalised at a cost of £9,344,000.

Expenditure for the period totalled £5,406,000 (excluding depreciation), including £3,955,000 of staff related costs supporting the day to day running of the Academy Trust.

In aggregate, during the period, total income over total expenditure led to a surplus position of £681,000, excluding depreciation and movements in the pension fund.

The Academy Trust also inherited the Local Government Pension Scheme (LGPS) liability. The LGPS liability stands at £1,217,000 as at the 31st August 2013. This is detailed in note 25 of the financial statements

As at the 31st August 2013 the net book value of fixed assets after depreciation is £9,250,000 as shown in note 12 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

As this is the first year of the Academy Trust's operation, all financial policies have been reviewed during the year and a new Finance Manual developed to establish the framework for financial management. This includes the financial responsibilities of the trustees, the Principal, the Finance Director, the Bursar and other members of staff; the scheme of delegation and systems of control. It is supported by the following additional policies: Budget Management, Charging and Remissions, Management and Investment of Cash Reserves, Risk, Whistleblowing and Fraud. Governors have appointed a Responsible Officer, who is not a member of the Finance and Personnel Committee, to undertake a programme of internal checks on financial controls and to report to meetings of the Finance and Personnel Committee and the Board.

Financial and Risk Management Objectives and Policies

The Academy Trust's activities expose it primarily to cash flow risk. The Governing Body continually monitors cash flows to ensure the Academy Trust has sufficient funds available to meet debts as they fall due. The Governing Body maintains significant cash reserves at all times and its investment policy ensures that cash is readily available from invested reserves where required.

The Governing Body acknowledges the defined benefit scheme deficit which is set out at Note 25 to the accounts. It considers that the Academy Trust is able to meet its known contribution commitments for the foreseeable future.

Trustees' Report (continued)

Principal Risks and Uncertainties

The governors during this reporting period identified the following principal risks and uncertainties:

Strategic and reputational risks

The significant risks for the continuing viability of the Academy Trust relate to student numbers: an unfavourable Ofsted report would be highly likely to contribute further to the problem of falling rolls. A continued fall in student admissions is a threat to the future of the school. Both of these risks have been managed by the school leadership and staff who have striven over the past five years to improve the quality of provision and therefore achievement of students. The risk of an unfavourable Ofsted report was eliminated during this reporting period when the school was inspected by Ofsted and judged 'good' with 'outstanding leadership and management'. Governors are confident that this, together with a sustained public relations campaign, the new school build and local housing development, will reverse the recent admissions trend.

Financial Risk

The Academy Trust is operating in a period of considerable financial uncertainty with regard to both public funding and student numbers and there is a significant risk that funds will be too low for managing the school, particularly in its current premises which are too large and very costly to run. Curriculum-led financial planning is used to ensure that the school maintains the breadth and quality of provision and efficiency savings have been introduced. Cash reserves have been accrued and invested ready to offset the effect of rising pupil numbers in the future. The new school building, due to open in 2016, will be cheaper and more efficient to run.

The Finance Manual addresses all other financial risks and ensures that systems, policies and procedures are in place to manage the risks associated with financial mismanagement and/or compliance failures. Governors continue to review these and ensure that they continue to mitigate these risks.

Reserves and Investment Policy

The Academy Trust aims to continue building up reserves for the future and has clear plans for how this will be used to benefit students. The Finance and Personnel Committee is responsible for overseeing the investment of any surplus cash and reviews the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to two months' salary costs plus one month's expenditure, approximately £638,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and pension fund) is £697,000 which is more than is needed at present.

Cash assets will only be invested in interest bearing accounts with the institutions on a list assessed and approved by North Yorkshire County Council for its own treasury management arrangements. Investments are limited to those where the capital is not put at risk and cash is not tied up any longer than is necessary, ensuring that early access charges are avoided should there be a need to transfer cash to the current account to address a short term cash flow problem.

In order to spread risk, cash will in the future be invested with more than one institution with a maximum of £250,000 invested in each unlinked institution.

The Finance and Personnel Committee will review at least annually the stability of the institutions used as well as interest rates compared with other investment opportunities.

The Academy held revenue fund balances at the 31st August 2013 of £697,000 comprising £168,000 of restricted funds and £529,000 unrestricted general funds. In addition to this the pension reserve shows a deficit of £1,217,000. Further details of the carry forward balances on each fund can be found in note 15 to the accounts.

Harrogate High School Academy Trust

Trustees' Report (continued)

Plans for Future Periods

This was a highly fruitful period which saw the successful conversion to academy status, a good Ofsted inspection outcome, confirmation of the school's place on the Priority Schools' Building Programme and a strengthening partnership under the Umbrella Trust. The school's main aims and objectives for the future are to

- continue with the improvements in teaching and learning and move towards becoming an outstanding school
- continue to raise achievement and student progress
- manage the Government's changes to the exam systems in such a way that students' learning and achievement is not compromised
- maintain the breadth and quality of future work in the context of diminishing budgets
- work with the Education Funding Agency to build a school that is fit for purpose and efficient while developing improved sports facilities
- continue to build upon the partnership arrangement with Skipton Girls' High School
- increase recruitment up to the new agreed published admission number and into all year groups including Sixth Form

Funds Held as Custodian Trustee on Behalf of Others

The Academy holds funds for a School Sports Partnership programme. The Academy distributes the funds on behalf of the partnership. At the period end the Academy held funds of £78,692 which are included in Other Creditors.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by order of the board of trustees on ...10:12:13.....and signed on its behalf by:



Ian Curtis
Chair of Trustees

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Harrogate High School Academy Trust has an effective and appropriate system of controlling financial and other risks. 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 Principal, as Accounting Officer, for ensuring financial controls conform to 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 Harrogate High School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

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

3 rd July 2012	(10 trustees in attendance)
9 th October 2012	(11 trustees in attendance)
3 rd December 2012	(8 trustees in attendance)
13 th March 2013	(11 trustees in attendance)
13 th May 2013	(10 trustees in attendance)
2 nd July 2013	(10 trustees in attendance)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harrogate High School Academy Trust for the period 1st June 2012 to 31st August 2013, with developments implemented during the period, and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1st June 2012 to 31st August 2013, with developments implemented during the period and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- 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.

GOVERNANCE STATEMENT (continued)

The Trustees have considered the need for a specific internal audit function and has decided to appoint Veritau Ltd. of 50 South Parade, Northallerton, DL7 8SL as Responsible Officer ('RO') and as internal auditors to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. During the year the Academy Trust has made minor improvements to its authorisation controls and reconciliation processes based on these checks.

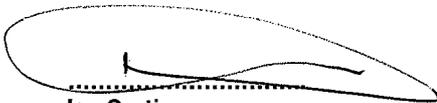
Review of Effectiveness

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

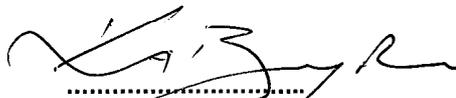
- the work of the Responsible Officer in conjunction with the appointed auditors;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the results of their review of the system of internal control by the Finance and Premises committee and, if appropriate, 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 the 10.12.13..... and signed on its behalf by:



Ian Curtis
Chair of Trustees



Andrew Bayston
Accounting Officer

Harrogate High School Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Harrogate High School Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) 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 Board of Trustees 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.


.....
Andrew Bayston
Accounting Officer

Date:12.12.13.....

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Harrogate High School Academy Trust and are also Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for the year. In preparing these financial statements, the Trustees 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

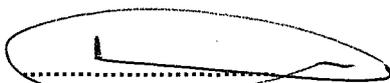
The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Trustees are aware:

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

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

Approved by order of the Board of Trustees on the10.12.13..... and signed on its behalf by:



Ian Curtis
Chair of Trustees

Independent Auditor's Report to the Members of Harrogate High School Academy Trust

We have audited the financial statements Harrogate High School Academy Trust for the period ended 31st 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 Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy Trust'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 Trust'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 Academy Trust and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the Directors of the Academy Trust 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 (APB'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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31st 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 matters prescribed by the Companies Act 2006

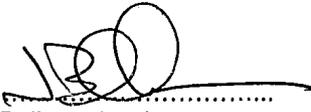
In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Harrogate High School Academy Trust (continued)

Matters on which we are required to report by exception

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

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



.....
Jeff Bellamy (senior statutory auditor)
For and on behalf of Colman, Whittaker & Roscow,
Statutory Auditor
The Close
Queen Square
Lancaster
LA1 1RS

Date17-12-13.....

Harrogate High School Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Harrogate High School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 17th 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 Harrogate High School Academy Trust during the year 1st June 2012 to the 31st 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 Harrogate High School Academy 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 Harrogate High School Academy 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 Harrogate High School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Harrogate High School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Harrogate High School Academy Trust's funding agreement with the Secretary of State for Education dated 1st June 2012 and the Academies Financial Handbook, extant from 1st 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 from the 1st June 2012 to the 31st 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 our conclusions includes:

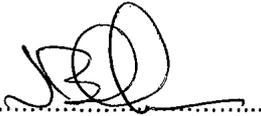
- Obtaining evidence including carrying out those tests relevant to the circumstances of the Academy as prescribed in Section 10.4 of the Academies Accounts Direction 2013 issued by the EFA in May 2013; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

Harrogate High School Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Harrogate High School Academy Trust and the Education Funding Agency (continued)

Conclusion

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



.....
Jeff Bellamy (senior statutory auditor)
For and on behalf of Colman, Whittaker and Roscow,
Statutory Auditor
The Close
Queen Square
Lancaster
LA1 1RS

Date 17-12-13

Harrogate High School Academy Trust

Statement of Financial Activities for the period ended 31st August 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	-	19	-	19
Transfer from local authority on conversion	27	473	7	9,344	9,824
Activities for generating funds	3	215	1	-	216
Investment income	4	1	-	-	1
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy Trust's educational operations	5	-	5,371	16	5,387
Total incoming resources		689	5,398	9,360	15,447
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	6	-	20	-	20
Costs of activities for generating funds	6	160	1	-	161
<i>Charitable activities:</i>					
Academy Trust's educational operations	7	-	5,199	94	5,293
<i>Governance costs</i>	8	-	26	-	26
Total resources expended	6	160	5,246	94	5,500
Net incoming resources before transfers		529	152	9,266	9,947
Gross transfers between funds	15	-	16	(16)	-
Net income for the period		529	168	9,250	9,947
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	15 25	-	(1,217)	-	(1,217)
Net movement in funds		529	(1,049)	9,250	8,730
Reconciliation of funds					
Funds brought forward to 17 th May 2012	15	-	-	-	-
Funds carried forward at 31st August 2013	15	529	(1,049)	9,250	8,730

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

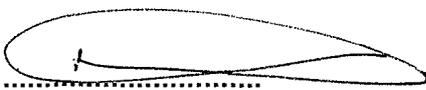
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Harrogate High School Academy Trust

Balance sheet as at 31st August 2013

	Notes	2013 £000	2013 £000
Fixed assets			
Tangible assets	12		9,250
Current assets			
Debtors	13	114	
Cash at bank and in hand		1,165	
		<u>1,279</u>	
Creditors: Amounts falling due within one year	14	<u>(582)</u>	
Net current assets			697
Total assets less current liabilities			<u>9,947</u>
Net assets excluding pension liability			
Pension scheme liability	25		(1,217)
Net assets including pension liability			<u>8,730</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund(s)	15		9,250
General fund(s)	15		168
Pension reserve	15		(1,217)
Total restricted funds			<u>8,201</u>
Unrestricted funds	15		529
Total funds			<u>8,730</u>

The financial statements on pages 20 to 41 were approved by the Trustees, and authorised for issue on the 10.12.13 and are signed on their behalf by:



Ian Curtis
Chair of Trustees

Company Limited by Guarantee
Registration Number:08074099

Harrogate High School Academy Trust

Cash Flow Statement for the period ended 31st August 2013

	Notes	2013 £000
Net cash inflow from operating activities	19	1,148
Returns on investments and servicing of finance	20	1
Capital expenditure and financial investment	21	16
Increase in cash in the period	22	<u>1,165</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 17 th May 2012		-
Net funds at 31st August 2013		<u>1,165</u>

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

Notes to the Financial Statements for the period ended 31st August 2013

1 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 Education Funding Agency 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

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

Incoming Resources

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

- **Grants receivable**

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

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

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind/Conversion to an Academy**

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross 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 Academy's policies.

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.

On the 1st June 2012, the Academy Trust entered into a lease arrangement to lease the buildings on the school site. The buildings are to be leased from North Yorkshire County Council. The lease is to be over a period of 125 years and all of the buildings are leased for a peppercorn rental each year. The buildings have been capitalised in the Academy Trust using the figures from the latest valuation completed in August 2013 by Mouchel, property valuers under instruction from the EFA.

Also on conversion the Academy Trust inherited the fixtures and fittings and other tangible assets for the continued use of the Academy Trust. It has been decided that the cost of putting a valuation on these assets would be disproportionate to the value of the information and so they are included at a £nil valuation

The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £5,000 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'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/reducing balance basis over its expected useful life, as follows:

Long leasehold buildings Over 125 years straight line

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 where substantially all of the benefits and risks of ownership remain with the lessor are charged against the statement of financial activities on a straight line basis over the period of the lease.

Taxation

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

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

1 Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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 at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/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 Education Funding Agency/Department for Education.

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Trips and other non public funds	-	10	10
Other donations	-	9	9
	<u>-</u>	<u>19</u>	<u>19</u>

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Hire of facilities	188	-	188
Sale of educational goods and services	2	-	2
Supplies of staff	25	-	25
Other	-	1	1
	<u>215</u>	<u>1</u>	<u>216</u>

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Short term deposits	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>

5 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
DfE/EFA revenue grants			
General Annual Grant (GAG)	-	5,035	5,035
Start up grants	-	25	25
Other DfE/EFA grants	-	154	154
	<u>-</u>	<u>5,214</u>	<u>5,214</u>
Other Government grants			
Local authority grants	-	109	109
Other government grants	-	64	64
	<u>-</u>	<u>173</u>	<u>173</u>
	<u>-</u>	<u>5,387</u>	<u>5,387</u>

6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2013 £000
		Premises £000	Other Costs £000	
Costs of generating voluntary income	8	-	12	20
Costs of activities for generating funds	86	72	3	161
Academy Trust's educational operations:				
Direct costs	2,588	75	336	2,999
Allocated support costs	1,273	708	313	2,294
	<u>3,955</u>	<u>855</u>	<u>664</u>	<u>5,474</u>
Governance costs including allocated support costs	-	-	26	26
	<u>3,955</u>	<u>855</u>	<u>690</u>	<u>5,500</u>

The method used for the apportionment of support costs is disclosed in the accounting policies (note 1).

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

6 Resources Expended (continued)

2013
£000

Incoming/outgoing resources for the period include:

Operating leases	4
Fees payable to auditor	
Audit	4
Other services	7
	7

7 Charitable Activities – Academy Trust’s Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Direct costs			
Teaching and educational support staff costs	-	2,588	2,588
Depreciation	-	75	75
Educational supplies	-	199	199
Examination fees	-	114	114
Staff development	-	23	23
	-	2,999	2,999
Allocation supported costs			
Support staff costs	-	1,273	1,273
Depreciation	-	19	19
Recruitment and support	-	9	9
Maintenance of premises and equipment	-	146	146
Cleaning	-	255	255
Rent and rates	-	47	47
Energy costs	-	185	185
Insurance	-	56	56
Security and transport	-	22	22
Catering	-	50	50
16-19 Bursary	-	22	22
Other support costs	-	210	210
	-	2,294	2,294
	-	5,293	5,293

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

8 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Legal and professional fees	-	15	15
Auditor's remuneration			
• Audit of financial statements	-	4	4
• Accountancy, taxation and other services	-	7	7
	<u>-</u>	<u>26</u>	<u>26</u>

9 Staff Costs

	2013 £000
Staff costs during the period were:	
Wages and salaries	3,286
Social security costs	225
Pension costs	384
	<u>3,895</u>
Supply teacher costs	60
	<u>3,955</u>

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

	2013 Number	2013 Full-time equivalent
Charitable Activities		
Teachers	44	40
Administration and support	60	50
Management	7	7
	<u>111</u>	<u>97</u>

The number of employees whose full time equivalent emoluments fell within the following bands was:

	2013 £000
£90,001 - £100,000	1
	<u>1</u>

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

9 Staff Costs (continued)

The above employee participated in the Teacher's Pension Scheme. During the period ended 31st August 2013, annual value of pension contributions for this employee amounted to £13,105.

10 Related Party Transactions - Trustees' Remuneration and Expenses

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The annual value of Trustees' remuneration was as follows:

A Bayston (Principal and Trustee):	£90,000 - £95,000
T McWilliams (staff Trustee):	£20,000 - £25,000
K Naylor (staff Trustee):	£40,000 - £45,000
G Potts (staff Trustee):	£35,000 - £40,000

During the period ended 31st August 2013 no travel and subsistence expenses were reimbursed to Trustees. Related party transactions involving the trustees are set out in note 26.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year period 31st August 2013 was £1,053. The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Total £000
Cost		
At 17 th May 2012	-	-
Transfer on conversion	9,344	9,344
Additions	-	-
Disposals	-	-
At 31 st August 2013	<u>9,344</u>	<u>9,344</u>
Depreciation		
At 17 th May 2012	-	-
Charged in period	94	94
Disposals	-	-
At 31 st August 2013	<u>94</u>	<u>94</u>
Net book values		
At 31 st August 2013	<u>9,250</u>	<u>9,250</u>
At 17 th May 2012	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

13 Debtors

	2013
	£000
VAT recoverable	53
Other debtors	11
Prepayments and accrued income	50
	<u>114</u>

14 Creditors: amounts falling due within one year

	2013
	£000
Trade creditors	278
Taxation and social security	55
Other creditors	122
Accruals and deferred income	127
	<u>582</u>

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

15 Funds

	Balance at 17 th May 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 st August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	-	5,035	(4,889)	16	162
Start up grant		25	(25)	-	-
Other DfE/EFA grants	-	138	(138)	-	-
Local Authority grants	-	109	(109)	-	-
Other government grants	-	64	(64)	-	-
Other restricted funds	-	27	(21)	-	6
	-	5,398	(5,246)	16	168
Pension reserve	-	-	-	(1,217)	(1,217)
	-	5,398	(5,246)	(1,201)	(1,049)
Restricted fixed asset funds					
DfE/EFA capital grants	-	16	-	(16)	-
Other capital grants	-	-	-	-	-
Assets on conversion	-	9,344	(94)	-	9,250
	-	9,360	(94)	(16)	9,250
Total restricted funds	-	14,758	(5,340)	(1,217)	8,201
Unrestricted funds	-	689	(160)	-	529
Total funds	-	15,447	(5,500)	(1,217)	8,730

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

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 31st August 2013. At the period end the carry forward of GAG funding was £162,000

The Start Up grant was a one off grant provided by the EFA to specifically cover the costs of conversion to academy status. This was spent in full during the conversion to academy status.

Other DfE/EFA grants includes monies received outside of GAG funding for example the Pupil Premium. These funds have been spent in full by the 31st August 2013

Local Authority grants represent amounts payable to the Academy predominantly from North Yorkshire County Council. A large percentage of these funds relate specifically to Special Educational Needs (SEN) funding. As at the 31st August 2013 these funds had been spent in full.

Other government grants relate to golden hellos and the Sports School Partnership were fully spent by 31st August 2013.

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

15 Funds (continued)

Other restricted funds include monies from trips and non public funds. During the period the trips and non public funds had no excess expenditure over income. At the period end £6,000 remained unspent and is carried forward to the next accounting period.

DfE/EFA capital grants represent capital monies received during the period from the EFA. These monies had all been spent in the period.

Assets on conversion represent the transfer of leasehold assets valued at £9,344,000 per a valuation by Mouchel, property valuers, into the Academy Trust on conversion to academy status depreciated over a 125 year period.

Unrestricted funds represents funds generated via activities such as from lettings, catering and bank interest receivable. This fund also includes the surplus on conversion to academy status of £473,000. The surplus on this fund at the period end was £529,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy Trust.

16 Analysis of net assets between funds

Fund balances at 31st August 2013 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	9,250	9,250
Current assets	529	750	-	1,279
Current liabilities	-	(582)	-	(582)
Pension scheme liability	-	(1,217)	-	(1,217)
Total net assets	529	(1,049)	9,250	8,730

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

17 Capital commitments

2013
£000

Contracted for, but not provided in the financial statements

-

18 Financial commitments

Operating leases

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

2013
£000

Land and buildings

-

Other

Expiring within one year

-

Expiring within two and five years inclusive

4

Expiring in over five years

-

4

19 Reconciliation of net income to net cash inflow from operating activities

2013
£000

Net income

9,947

Depreciation (note 12)

94

Assets on conversion

(9,344)

Capital grants from DfE/EFA and other capital income

(16)

Interest receivable (note 4)

(1)

Increase in debtors

(114)

Increase in creditors

582

Net cash inflow from operating activities

1,148

20 Returns on investments and servicing of finance

2013
£000

Interest received

1

Net cash inflow from returns on investment and servicing of finance

1

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

21 Capital expenditure and financial investment

	2013 £000
Assets on conversion	9,344
Purchase of tangible fixed assets	(9,344)
Capital grants from DfE/EFA	16
Net cash inflow from capital expenditure and financial investment	16

22 Analysis of changes in net funds

	At 17 th May 2012 £000	Cash flows £000	At 31st August 2013 £000
Cash in hand and at bank	-	1,165	1,165
	-	1,165	1,165

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy Trust is required to either re-invest the proceeds or to repay the Secretary of State for Education or Charities Commission the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

24 Members' Liability

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

25 Pension and similar obligations

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

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

Contributions amounting to £41,138 were payable to the schemes at 31st August 2013 and are included within creditors.

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.

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

25 Pension and similar obligations (continued)

Membership is automatic for full-time teachers and lecturers and from 1st 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 1st 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 1st April 2001 to 31st 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 1st 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 9th March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1st April 2015.

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

25 Pension and similar obligations (continued)

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 1st 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 1st April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31st August 2013 were £192,000, of which employer's contributions totalled £143,000 and employees' contributions totalled £49,000. The agreed contribution rates for future years are 19.1% for employers and the rate for employees remains dependent on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Principal Actuarial Assumptions

	At 31st August 2013
Rate of increase in salaries	4.15%
Rate of increase for pensions in payment / inflation	2.4%
Discount rate for scheme liabilities	4.6%
Inflation assumption (CPI)	2.4%
Commutation of pensions to lump sums	50%

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

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

25 Pension and similar obligations (continued)
Local Government Pension Scheme (continued)

	At 31st August 2013
<i>Retiring today</i>	
Males	22.6
Females	25.3
<i>Retiring in 20 years</i>	
Males	24.4
Females	27.2

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

	Expected return at 31st August 2013	Fair value at 31st August 2013 £000
Equities	7.0%	142
Government Bonds	3.4%	20
Other Bonds	4.4%	25
Property	5.7%	8
Cash	0.5%	5
Other	7.0%	18
Total market value of assets		<u>218</u>
Present value of scheme liabilities		
- Funded		(1,435)
Deficit in the scheme		<u>(1,217)</u>

The actual return on scheme assets was £21,000.

Amounts recognised in the statement of financial activities

	2013 £000
Current service cost (net of employee contributions)	150
Past service cost	-
Total operating charge	<u>150</u>
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	6
Interest on pension liabilities	(67)
Pension finance costs	<u>(61)</u>

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actual gains and losses for the current period 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 £46,000 loss.

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

	2013 £000
At 17th May 2012	-
Current service cost	150
Interest cost	67
Employee contributions	49
Actuarial loss	60
Benefits paid	6
Business combinations	1,103
At 31st August 2013	<u>1,435</u>

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

	2013 £000
At 17th May 2012	-
Expected return on assets	6
Actuarial gain	14
Employer contributions	143
Employee contributions	49
Benefits paid	6
At 31st August 2013	<u>218</u>

The estimated value of employer contributions for the period ended 31st August 2014 is £124,000.

The five-year history of experience adjustments is as follows:

	2013 £000
Present value of defined benefit obligations	(1,435)
Fair value of share of scheme assets	218
Deficit in the scheme	<u>(1,217)</u>
Experience adjustments on share of scheme assets	14
Experience adjustments on scheme liabilities:	<u>-</u>

Notes to the Financial Statements for the period ended 31st August 2013 (continued)

26 Related Party Transactions

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

No transactions with Trustees were undertaken during the course of the period ended 31st August 2013.

27 Conversion to an Academy Trust

On the 1st June 2012 Harrogate High School converted to an Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Harrogate High School Academy Trust from the 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 as net income 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 SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
Leasehold land and buildings			9,344	9,344
Budget surplus on LA funds	473	7		480
LGPS pension deficit		(1,217)		(1,217)
Other identified assets and liabilities				
Net assets / (liabilities)	473	(1,210)	9,344	8,607

The above net assets include £480,000 that was transferred as cash.

The lease terms of the leasehold buildings are discussed within the accounting policies (note 1).

The inherited surplus on Local Authority funds shown within unrestricted funds remained unspent since conversion to academy status.