

07796829

DEARHAM PRIMARY SCHOOL
(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the year from 1 September 2012 to 31 August 2013



Company Registration Number:
07796829 (England and Wales)

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

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DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Members)	Mrs S J Kidd Mrs M Jenkinson Mr C P Moody
Governors (Trustees)	Mrs J L Simpson Mrs S M Ferguson Mr S Hunter-Brown (resigned - 31 08 13) Mrs M Humphrey Mrs F Whitehead Mrs J Kearton Mr R Kendall Mr J Graham (resigned – 30 04 13) Mr A Southwell Mrs L Massey Mrs L MacGuire Mr E Martin (appointed – 10 10 12)
Company Secretary and Clerk to the Governors	Mrs H M McClements
Head Teacher	Mrs S J Kidd
Registered Office	Dearham Primary School The Went Dearham Maryport Cumbria CA15 7HR
Company Registration Number	07796829
Auditors	Lamont Pridmore Chartered Accountants & Statutory Auditors Milburn House 3 Oxford Street Workington Cumbria CA14 2AL
Bankers	Lloyds TSB Bank plc 146 Dalton Road Town Centre Barrow in Furness Cumbria LA14 1JH
Solicitors	Burnetts Solicitors 6 Victoria Place Carlisle Cumbria CA1 1ES

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

GOVERNORS' REPORT

The governors present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2013

Structure, Governance and Management

Constitution

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

The governors, some of whom are Directors, are responsible for the overall management and control of Dearham Primary School and meet as a Full Governing Body six times a year. The work of implementing their policies is carried out by the members of the following committees:

- Finance
- Staffing and Curriculum
- Buildings

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1. All governors (apart from the principal) give their time freely and no remuneration or expenses were paid in the year.

Members' Liability

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

Principal Activities

The core activities of Governors are to

- Monitor the quality of the school performance
- Monitor the school's finances
- Hold the school to account in order to provide best value

Method of Recruitment and Appointment or Election of Governors

New Governors are appointed as follows:

- Sponsor Governors are appointed by the Sponsors
- The Staff Governors are appointed by vote of the staff team
- Parents Governors are appointed by the election of parents
- The Principal is also a Governor

Policies and Procedures Adopted for the Induction and Training of Governors

- New Governors are welcomed to their first Full Governing Body meeting
- New Governors are introduced to all Governors and given a copy of the school prospectus
- New Governors are given the option of an introductory tour of the school and meeting with the Principal

Organisational Structure

The governors determine the general policy of the Academy. The day to day management of the Academy is delegated to the Principal and members of the Senior Leadership Team. The Principal undertakes the key leadership role overseeing educational, pastoral and administrative functions. The day to day administration is undertaken within the policies and procedures approved by the Governors.

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

GOVERNORS' REPORT (continued)

Risk Management

The Governors are responsible for the overseeing of the risks faced by the Academy. Detailed considerations of risk are delegated to the Senior Management of the Academy. Risks are identified, assessed and controls established throughout the year.

Through risk management processes established for the Academy, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Connected Organisations, including Related Party Relationships

There are no connected organisations.

Objectives and Activities

Objects and Aims for Public Benefit

Dearham Primary School, a company limited by guarantee, operates under a Funding Agreement signed by the Secretary of State for Children, Schools and Families, dated 1 November 2011.

Its main objective is to maintain a non fee paying primary school with a broad curriculum for the public benefit, providing education for students of different abilities at the heart of the community in Dearham. The Governors confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims and objectives.

Our aims are

- To provide a broad, balanced curriculum which provides rich and appropriate experiences and opportunities to develop each child to encourage high achievements and promote excellence for all
- To provide a safe, internal and external school environment, where children can develop a healthy lifestyle and learn to stay safe
- To develop and extend positive learning partnerships between school, home and community
- To provide high quality teaching and support in all aspects of learning and to make learning fun, giving our children the confidence to succeed
- To have high expectations for achievement of our children enabling them to have positive attitudes towards their work, developing enquiring minds and becoming life-long learners
- To provide equality of opportunity for all
- To create a welcoming, caring, positive learning environment to enable both the children and the staff to feel valued and respected

Objectives, Strategies and Activities

The first academic year following conversion focused on improving the quality of teaching and learning, increasing the number of additional staff in place and appointing a learning mentor. All of which have the main purpose of maintaining high educational standards and providing outstanding pastoral support for all pupils. A specific focus has been on those pupils in receipt of the pupil premium.

Achievements and Performance

Dearham Primary School was graded as Outstanding in all areas in 2013.

The school is a National Support School and the Headteacher a National Leader of Education. The school is a strategic partner of the West Coast Teaching Alliance.

The school's academic performance remains high. The 2013 results showed that pupils performed significantly above the National average in English, Maths and Science.

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

GOVERNORS' REPORT (continued)

Going Concern

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

Financial Review

Summary of Financial Performance

The financial statements show a surplus of £928 (2012 £19,827) for the financial year from 1 September 2012 to 31 August 2013 based on total incoming resources for the year of £1,015,749 (2012 £737,408).

During the year ended 31 August 2013 the total resources expended were £1,014,821 (2012 £717,581), which were spent entirely on the Academy's objectives and were covered by recurrent grant funding from the Department of Education and other income sources.

Included with the statement of financial activities is an actuarial loss of £1,000 (2012 £156,000) for the year on the Local Government Pension Scheme (see note 26).

Financial Position

At 31 August 2013 the Academy held fund balances of £596,084 (2012 £596,156) comprising £41,025 (2012 £29,041) of restricted general funds and £555,059 (2012 £567,115) of restricted fixed asset funds.

The assets are used entirely for providing education and the associated support services to the pupils of the Academy.

Reserves Policy

The governors review the reserve levels of the Academy 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 do not have a formal reserves policy. Any reserves, which have been accumulated in line with best practice, are held to provide sufficient working capital to cover any delay, reduction or cessation of funding streams, together with any unexpected emergencies such as urgent maintenance requirements. Reserves over and above this level are reinvested in the school's educational operations to ensure the highest quality of education continues to be provided.

Plans for Future Periods

The plans for the current academic year involve

- Upgrading the ICT equipment
- Improving the level of teaching assistants in school
- Improving the internal systems to improve the attainment of higher performing pupils in maths

Auditor

In so far as the governors are aware

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

Approved by order of the members of the Governing Body on 5th December 2013 and signed on its behalf by


.....
Mrs M Jenkinson
Chair of Governors - Director

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of governors' responsibilities. The governing body has formally met 9 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a Possible
Mrs S J Kidd (Principal & Accounting Officer)	9	9
Mrs M Jenkinson (Chair of Governors)	9	9
Mr C P Moody	7	9
Mrs J L Simpson	7	9
Mrs S M Ferguson	7	9
Mr S Hunter-Brown (resigned – 31 08 13)	0	9
Mrs M Humphrey	6	9
Mrs F Whitehead	4	9
Mrs J Kearton	9	9
Mr R Kendall	5	9
Mr J Graham (resigned – 30 04 13)	0	9
Mr A Southwell	8	9
Mrs L Massey	7	9
Mrs L MacGuire	6	9
Mr E Martin (appointed – 10 10 12)	8	9

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to monitor the financial situation of the Academy. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a Possible
Mrs S J Kidd	2	2
Mrs M Jenkinson	2	2
Mr C P Moody	2	2
Mrs J L Simpson	2	2
Mr A Southwell	2	2
Mrs L MacGuire	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the academy's 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 Dearham Primary School for the year from 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed John Stephens, of Lamont Pridmore, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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

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

Approved by order of the members of the governing body on 5th December 2013 and signed on its behalf by


Mrs M Jenkinson
Chair of Governors


Mrs S J Kidd
Head Teacher – Accounting Officer

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Dearham Primary School I have considered my responsibility to notify the academy trust governing body 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 governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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



Mrs S J Kidd
Head Teacher – Accounting Officer

Dated 5th December 2013

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (some of whom are also directors of Dearham Primary School for the purposes of company law) are responsible for preparing the Governors' 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 governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the year. In preparing these financial statements, the governors are required to

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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the academy 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 members of the governing body on 5th December 2013 and signed on its behalf by


Mrs M Jenkinson
Chair of Governors

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE MEMBERS OF DEARHAM PRIMARY SCHOOL

We have audited the financial statements of Dearham Primary School for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 8, the governors (some of whom are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities), and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual 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 Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DEARHAM PRIMARY SCHOOL

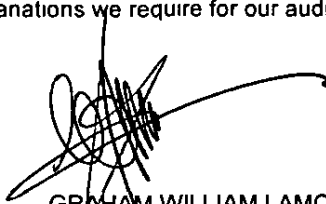
FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEARHAM PRIMARY SCHOOL (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 governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



GRAHAM WILLIAM LAMONT (Senior
Statutory Auditor)
For and on behalf of
LAMONT PRIDMORE
Chartered Accountants
& Statutory Auditors

Milburn House
3 Oxford Street
Workington
Cumbria
CA14 2AL

6th December 2013

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

Independent Reporting Auditor's Assurance Report on Regularity to Dearham Primary School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 3 October 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 Dearham Primary School during the year ended 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

Respective responsibilities of Dearham Primary School's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Dearham Primary School's funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes

- analytical review of resources expended in the year
- sample testing of expenditure for appropriate authorisation in accordance with the academy's delegated authorities
- testing payroll for any extra-contractual payments
- reviewing the list of suppliers to ascertain details of supplies from related parties

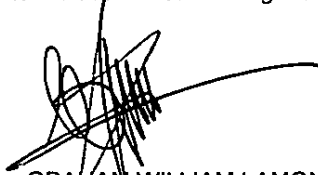
DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

Independent Reporting Auditor's Assurance Report on Regularity to Dearham Primary School 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 year ended 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



GRAHAM WILLIAM LAMONT (Senior
Statutory Auditor)
For and on behalf of
LAMONT PRIDMORE
Chartered Accountants
& Statutory Auditors

Milburn House
3 Oxford Street
Workington
Cumbria
CA14 2AL

6th December 2013

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

Statement of Financial Activities for the year from 1 September 2012 to 31 August 2013
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	2	17,524	-	-	17,524	9,531
Activities for generating funds	3	25,161	10,027	-	35,188	23,208
Investment income	4	82	-	-	82	102
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	5	-	962,955	-	962,955	704,567
Total incoming resources		42,767	972,982	-	1,015,749	737,408
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		-	-	-	-	-
Fundraising trading		34,045	-	-	34,045	23,638
<i>Charitable activities</i>						
Academy's educational operations	7	-	936,329	11,056	947,385	646,842
Governance costs	8	-	33,391	-	33,391	47,101
Total resources expended	6	34,045	969,720	11,056	1,014,821	717,581
Net incoming/(outgoing) resources before transfers						
Gross transfers between funds	15	-	-	-	-	-
Net income/(expenditure) for the year		8,722	3,262	(11,056)	928	19,827
Other recognised gains and losses						
Transfer of land and property	12	-	-	-	-	732,329
Actuarial (losses)/gains on defined benefit pension schemes	15,26	-	-	(1,000)	(1,000)	(156,000)
		-	-	(1,000)	(1,000)	576,329
Net movement in funds		8,722	3,262	(12,056)	(72)	596,156
Reconciliation of funds						
Funds brought forward at 1 September 2012	15	6,469	22,572	567,115	596,156	-
Funds carried forward at 31 August 2013		15,191	25,834	555,059	596,084	596,156

All of the Academy's activities derive from continuing operations during the above two financial periods

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

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

Balance sheet as at 31 August 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Tangible assets	12		753,624		739,349
Current assets					
Stocks		8,655		-	
Debtors	13	22,994		23,420	
Cash at bank and in hand		249,630		26,283	
		<u>281,279</u>		<u>49,703</u>	
Creditors Amounts falling due within one year	14	(281,819)		(36,896)	
Net current assets			<u>(540)</u>		<u>12,807</u>
Total assets less current liabilities			753,084		752,156
Net assets excluding pension liability					
Pension scheme liability	26		(157,000)		(156,000)
Net assets including pension liability			<u>596,084</u>		<u>596,156</u>
Funds of the academy					
Restricted funds					
Fixed asset fund	15		712,059		723,115
General fund	15		25,834		22,572
Pension deficit	15		(157,000)		(156,000)
Total restricted funds			<u>580,893</u>		<u>589,687</u>
Unrestricted funds					
General fund	15		15,191		6,469
Total funds			<u>596,084</u>		<u>596,156</u>

The financial statements on pages 13 to 31 were approved by the Governors, and authorised for issue on 5th December 2013 and are signed on their behalf by



 Mrs M Jenkinson
 Chair of Governors - Director

Company Limited by Guarantee
 Registration Number 07796829

DEARHAM PRIMARY SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013

Cash Flow Statement for the year from 1 September 2012 to 31 August 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	19	255,672	44,459
Returns on investments and servicing of finance	20	82	102
Capital expenditure	21	(32,407)	(18,278)
Increase in cash in the year	22	<u>223,347</u>	<u>26,283</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		26,283	-
Net funds at 31 August 2013		<u>249,630</u>	<u>26,283</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 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 governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

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.

• **Sponsorship income**

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

• **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.

• **Donated Services and Gifts in Kind**

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 the Academy's policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

1 Accounting Policies (continued)

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 Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 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 lives, as follows:

Freehold buildings	2% per annum straight line
Fixtures and fittings	15% per annum reducing balance
Computer equipment	20% per annum reducing balance

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.

1 Accounting Policies (continued)

Leased Assets

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

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.

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 26, 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 governors.

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

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

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

2 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Donations – capital	-	-	-	-
Private sponsorship	-	-	-	-
Other donations	17,524	-	17,524	9,531
	<u>17,524</u>	<u>-</u>	<u>17,524</u>	<u>9,531</u>

3 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Hire of facilities	-	-	-	-
Other income	25,161	10,027	35,188	23,208
	<u>25,161</u>	<u>10,027</u>	<u>35,188</u>	<u>23,208</u>

4 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Bank interest received	82	-	82	102
	<u>82</u>	<u>-</u>	<u>82</u>	<u>102</u>

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

5 Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
DfE/YPLA capital grant				
Academy main building grants	-	-	-	-
	-	-	-	-
DfE/YPLA revenue grants				
General Annual Grant (GAG)	-	948,047	948,047	673,396
Start Up Grants	-	-	-	25,000
Other DfE / EFA grants	-	14,908	14,908	6,171
	-	962,955	962,955	704,567
Other Government grants				
Local authority grants	-	-	-	-
Special educational projects	-	-	-	-
	-	-	-	-
	-	962,955	962,955	704,567

6 Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2013 £	Total 2012 £
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	15,505	-	18,540	34,045	23,638
Academy's educational operations					
Direct costs	539,149	-	41,171	580,320	425,991
Allocated support costs	250,857	66,800	49,408	367,065	220,851
	805,511	66,800	109,119	981,430	670,480
Governance costs including allocated support costs	-	-	33,391	33,391	47,101
	805,511	66,800	142,510	1,014,821	717,581

The method used for the apportionment of support costs is disclosed in the accounting policies

	2013 £	2012 £
Incoming/outgoing resources for the year include.		
Operating leases	742	557
Fees payable to auditor		
Audit	3,900	3,900
Other services	-	-
Profit/(loss) on disposal of fixed assets	-	-

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

7 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Direct costs				
Teaching and educational support staff	-	539,149	539,149	403,953
Costs				
Depreciation	-	-	-	-
Educational supplies	-	29,992	29,992	18,662
Examination fees	-	-	-	-
Staff development	-	11,179	11,179	3,376
Educational consultancy	-	-	-	-
Other direct costs	-	-	-	-
	<u>-</u>	<u>580,320</u>	<u>580,320</u>	<u>425,991</u>
Allocation supported costs				
Support staff costs	-	250,857	250,857	124,284
Depreciation	-	18,132	18,132	11,258
Technology costs	-	8,766	8,766	4,705
Recruitment and support	-	528	528	-
Maintenance of premises and equipment	-	12,715	12,715	13,502
Cleaning	-	4,170	4,170	1,759
Rent & rates	-	10,981	10,981	9,499
Energy costs	-	15,384	15,384	15,229
Insurance	-	14,256	14,256	13,601
Bank interest and charges	-	25	25	142
Other support costs	-	31,251	31,251	26,872
	<u>-</u>	<u>367,065</u>	<u>367,065</u>	<u>220,851</u>
	<u>-</u>	<u>947,385</u>	<u>947,385</u>	<u>646,842</u>

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

8 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	26,791	26,791	42,476
Auditor's remuneration	-	-	-	-
- Audit of financial statements	-	3,900	3,900	3,900
- Other accountancy costs	-	2,175	2,175	-
Support staff costs	-	525	525	725
	-	33,391	33,391	47,101

9 Staff Costs

	2013 £	2012 £
Staff costs during the year were		
Wages and salaries	673,638	460,608
Social security costs	44,582	28,159
Pension costs	87,291	58,804
	805,511	547,571

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

	2013 Number	2013 Full-time equivalent	2012 Number	2012 Full-time equivalent
<i>Charitable Activities</i>				
Teachers	15	12	14	10
Administration and support	20	13	14	9
Management	2	2	2	2
	37	27	30	21

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

	2013 £	2012 £
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for this employee amounted to £8,642 (2012 £6,901)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

10 Governors' Remuneration and Expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors. The value of governors' remuneration including oncosts for the year was as follows

	2013	2012
Mrs S J Kidd (Principal & Governor)	£68,000	£ 60,000
Mrs S M Ferguson (Staff Governor)	£45,000	£ 41,000
Mrs S L Simpson (Staff Governor)	£29,000	£ 23,000

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to governors

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 £1,000,000 on any one claim and the cost of this insurance is included in the total insurance cost

12 Tangible Fixed Assets

	Freehold Land and Buildings £	Fixtures and Fittings £	Computer Equipment £	Total £
Cost				
At 1 September 2012	732,329	12,550	5,728	750,607
Additions	-	6,512	25,895	32,407
Disposals	-	-	-	-
At 31 August 2013	732,329	19,062	31,623	783,014
Depreciation				
At 1 September 2012	9,214	1,173	871	11,258
Charged in year	11,056	2,683	4,393	18,132
Disposals	-	-	-	-
At 31 August 2013	20,270	3,856	5,264	29,390
Net book values				
At 31 August 2013	712,059	15,206	26,359	753,624
At 31 August 2012	723,115	11,377	4,857	739,349

The EFA undertook an exercise to have the land and property valued for all academies opened as at 31 March 2012 by one of two contractors. The Valuation was carried out by DTZ and the effective date of valuation was 31 August 2012

13 Debtors

	2013 £	2012 £
Trade debtors	700	964
Prepayments	20,546	19,590
Other debtors	1,748	2,866
	<u>22,994</u>	<u>23,420</u>

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

14 Creditors amounts falling due within one year

	2013 £	2012 £
Trade creditors	2,169	11,444
Other taxation and social security	25,246	20,612
Accruals	3,900	4,042
Deferred income – grants received in advance	250,504	798
	<u>281,819</u>	<u>36,896</u>

Deferred Income

	2013 £	2012 £
Deferred Income at 1 September 2012	798	-
Resources deferred in the year	250,504	798
Amounts released from previous years	(798)	-
Deferred Income at 31 August 2013	<u>250,504</u>	<u>798</u>

15 Funds

	Balance at 1 September 2012 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 August 2013 £	Balance at 31 August 2012 £
Restricted general funds						
General Annual Grant (GAG)	-	948,047	-	-	-	-
Start Up Grant	-	-	-	-	-	-
Other DfE/EFA grants	-	14,908	-	-	-	-
Other income	-	10,027	-	-	-	-
	<u>22,572</u>	<u>972,982</u>	<u>(969,720)</u>	<u>-</u>	<u>25,834</u>	<u>22,572</u>
Pension deficit	(156,000)	-	-	(1,000)	(157,000)	(156,000)
	<u>(133,428)</u>	<u>972,982</u>	<u>(969,720)</u>	<u>(1,000)</u>	<u>(131,166)</u>	<u>(133,428)</u>
Restricted fixed asset funds						
Transfer of land and property	723,115	-	(11,056)	-	712,059	723,115
	<u>723,115</u>	<u>-</u>	<u>(11,056)</u>	<u>-</u>	<u>712,059</u>	<u>723,115</u>
Total restricted funds	589,687	972,982	(980,776)	(1,000)	580,893	589,687
Unrestricted funds	6,469	42,767	(34,045)	-	15,191	6,469
Total funds	<u>596,156</u>	<u>1,015,749</u>	<u>(1,014,821)</u>	<u>(1,000)</u>	<u>596,084</u>	<u>596,156</u>

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

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
Tangible fixed assets	-	41,565	712,059	753,624	739,349
Current assets	15,191	266,088	-	281,279	49,703
Current liabilities	-	(281,819)	-	(281,819)	(36,896)
Pension scheme liability	-	-	(157,000)	(157,000)	(156,000)
Total net assets	15,191	25,834	555,059	596,084	596,156

17 Capital commitments

	2013 £	2012 £
Contracted for, but not provided in the financial statements	Nil	Nil

18 Financial commitments

Operating leases

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

	2013 £	2012 £
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	742	742
Expiring in over five years	-	-
	742	742

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

	2013 £	2012 £
Net income	928	19,827
Depreciation (note 12)	18,132	11,258
Capital grants from DfE and other capital income	-	-
Interest received (note 4)	(82)	(102)
(Increase)/decrease in stock	(8,655)	-
(Increase)/decrease in debtors	426	(23,420)
(Increase)/decrease in creditors	244,923	36,896
Net cash inflow from operating activities	255,672	44,459

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

20 Returns on investments and servicing of finance

	2013	2012
	£	£
Interest received	82	102
Net cash inflow from returns on investment and servicing of finance	<u>82</u>	<u>102</u>

21 Capital expenditure and financial investment

	2013	2012
	£	£
Purchase of tangible fixed assets	32,407	18,278
Capital grants from DfE/EFA	-	-
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	<u>32,407</u>	<u>18,278</u>

22 Analysis of changes in net funds

	At 1 September 2012 £	Cash flows £	At 31 August 2013 £	At 31 August 2012 £
Cash in hand and at bank	<u>26,283</u>	<u>223,347</u>	<u>249,630</u>	<u>26,283</u>
	26,283	223,347	249,630	26,283

23 Contingent Liabilities

There were no contingent liabilities at the financial year end

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 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, transactions may take place with organisations in which a trustee has 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

The following related party transactions took place in the year of account

Head2Head (Cumbria) Limited – a company in which Mrs S J Kidd's husband, Mr M Kidd, has a majority interest. Transactions totalling £525 (2012 £Nil), relating to the provision of supply teaching services from Head2Head (Cumbria) Limited, took place in the year. There were no amounts outstanding at 31 August 2013 (2012 £Nil)

26 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 Cumbria County Council Both are defined-benefit schemes

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

Contributions amounting to £11,003 (2012 £8,394) were payable to the schemes at 31 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

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

26 Pension and similar obligations (continued)

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £39,766 (2012: £20,776), of which employer's contributions totalled £30,443 (2012: £15,855) and employees' contributions totalled £9,323 (2012: £4,921). The agreed contribution rates for future years are 13.9% (2012: 13%) for employers and between 5.5% and 7.5% (2012: 5.5% and 6.8%) for employees.

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.15%	4.05%
Rate of increase for pensions in payment/inflation	2.4%	2.3%
Discount rate for scheme liabilities	4.6%	4.5%
Inflation assumption (CPI)	2.4%	2.3%
Commutation of pensions to lump sums	-	-

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

	At 31 August 2013	At 31 August 2012
<i>Retiring today</i>		
Males	22.2 years	22.2 years
Females	24.9 years	24.8 years
<i>Retiring in 20 years</i>		
Males	24.1 years	24 years
Females	26.9 years	26.8 years

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	7.0%	79	7.0%	42
Bonds	4.0%	41	3.0%	28
Property	5.7%	8	6.0%	5
Cash/Liquidity	0.5%	1	0.5%	1
Other	7.0%	7	7.0%	7
Total market value of assets		136		83
Present value of scheme liabilities				
- Funded		293		239
Surplus/(deficit) in the scheme		(157)		(156)

The actual return on scheme assets was £13,000 (2012: £4,000)

DEARHAM-PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 to 31 AUGUST 2013 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	33	15
Past service cost	-	-
Total operating charge	<u>33</u>	<u>15</u>
Analysis of pension finance (income)/costs		
Expected return on pension scheme assets	(5)	(3)
Interest on pension liabilities	<u>12</u>	<u>8</u>
Pension finance (income)/costs	<u>7</u>	<u>5</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £157,000 (2012 £156,000) loss

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

	2013 £000	2012 £000
At 1 September 2012	239	-
Current service cost	33	15
Past service cost	-	-
Interest cost	12	8
Employee contributions	9	5
Actuarial (gain)/loss	-	24
Business combinations	-	187
Benefits paid	-	-
At 31 August 2013	<u>293</u>	<u>239</u>

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

	2013 £000	2012 £000
At 1 September 2012	83	-
Expected return on assets	5	3
Actuarial gain/(loss)	9	1
Employer contributions	30	16
Employee contributions	9	5
Business combinations	-	58
Transfer in of new members	-	-
Benefits paid	-	-
At 31 August 2013	<u>136</u>	<u>83</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £30,000 (2013 £19,000)

DEARHAM PRIMARY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR FROM 1 SEPTEMBER 2012 TO 31 AUGUST 2013 (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The history of experience adjustments is as follows:

	2013 £000	2012 £000
Present value of defined benefit obligations	293	239
Fair value of share of scheme assets	136	83
Surplus/(Deficit) in the scheme	<u>(157)</u>	<u>(156)</u>
Experience adjustments on share of scheme assets	<u>9</u>	<u>1</u>
Experience adjustments on scheme liabilities	<u>0</u>	<u>0</u>