

**Great Smeaton Academy Primary School
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Period Ended 31 August 2012



**Company Registration Number
07730938 (England and Wales)**

Contents

Page

Reference and Administrative Details	1
Governors' Report	2 - 8
Governance Statement	9 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Governors' Responsibilities	15
Independent Auditor's Report to the Members	16 - 17
Independent Reporting Accountant's Assurance Report on Regularity	18
Statement of Financial Activities incorporating Income and Expenditure Account	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements, incorporating	
Accounting Policies	22 - 25
Other Notes to the Financial Statements	26 - 37

Great Smeaton Academy Primary School

Reference and administrative details

Governors	K Bell – Principal A Alderson – Responsible Officer G Carvey J Webster – Vice Chair A Thurland M Vening M Dawes D Addison – Chair L Ingham (resigned 31 March 2012)
Secretary	K Bell
Registered Office	Great Smeaton Northallerton North Yorkshire DL6 2EQ
Company Registration Number	07730938
Auditors	Evolution Audit LLP 10 Evolution Wynyard Business Park Wynyard TS22 5TB
Bankers	Lloyds TSB 164 High Street Northallerton North Yorkshire DL7 8LY
Solicitors	Quality Solicitors BHP Law Kingfisher House 2 Kingfisher Way Preston Farm Stockton on Tees TS18 3EX

Great Smeaton Academy Primary School

Governors' Report

The governors present their annual report together with the audited financial statements of the academy for the period ended 31 August 2012

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 charitable company was incorporated on 5 August 2011 and commenced operations as an academy on 1 September 2011.

The governors act as the trustees for the charitable activities of Great Smeaton Academy Primary School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Great Smeaton Academy Primary School.

Four of the Governors are directors of the charitable company for the purposes of the Companies Act 2006 and all Governors are trustees for the purpose of charity legislation.

During the year under review the Governors held 5 full governing body meetings, including Finance sub-committee and 3 Committee Meetings. In addition Governors have availed themselves of training events. The training and induction provided for new governors depends on their existing experience. All Governors are provided with copies of Policies, Procedures, Minutes, Accounts, Budgets, Plans, Terms of Reference and other documents that they need to undertake their role as Governors.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

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

Principal Activities

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

Method of Recruitment and Appointment or Election of Governors

Great Smeaton Academy Primary School will continue to appoint Governors on the basis of the knowledge and skills that they can bring to the Governing Body. These areas of expertise include Finance, Legal, Curriculum, Special Educational Needs.

Great Smeaton Academy Primary School

Governors' Report (continued)

Appointment of Governors

The Members may appoint up to 5 Governors

The members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total numbers of Governors

The Principal shall be treated for all purposes as being an ex officio Governor

The Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies

In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age

Co-Opted Governors

The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by the Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal)

Policies and Procedures Adopted for the Induction and Training of Governors

All new Governors must complete induction training on Gel (Governor e learning)

Organisational Structure

The Academy's unified management structure consists of three levels, the Governors, Senior Leadership Team and Office Manager

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of the budgets and making proper decisions about the direction of the Academy, capital expenditure and senior staff appointments

The senior leadership comprises the Head Teacher, although from 1st September 2012 it will comprise the Head Teacher and two Assistant Head Teachers. The SLT controls the academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Head Teacher and Governors are responsible for the authorisation of spending within the agreed budgets and the appointment of staff. Spending thresholds can be found in the Budget Policy and in the school's Financial Handbook. In order to fulfil their responsibilities, the Governing Body has four sub-committees, finance, curriculum, staffing and audit

Governors' Report (continued)

Risk Management

Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas. For example, in relation to teaching, health and safety and school trips and in relation to the control of finance. The Business Continuity Plan provides details of arrangements should normal business be interrupted. This document can be found on the school website.

They have adopted systems including operational procedures, (e.g. vetting of new staff and visitors, supervision of school grounds, safeguarding audit), and internal financial controls in order to minimise risk. Where significant financial risk remains, they have ensured that they have adequate insurance cover.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of the Academy Trust.

Objectives and Activities

Objects and Aims

The principal objective of the charitable company is the operation of Great Smeaton Academy Primary School to provide education for pupils of different abilities between the ages of 4 and 11.

In accordance with the articles of association the charitable company has adopted a scheme of governance approved by the Secretary of State for Education.

The main objectives of the academy for its first 3 years of operation are summarised below:

To raise achievements and aspirations of all through the use of innovation and new technologies.

To deliver a personalised curriculum which is fit for the 21st century, through an outstanding learning infrastructure.

To ensure all pupils are actively engaged in the curriculum and are making good progress.

Objectives, Strategies and Activities

In setting our objectives the Governors have given careful consideration to the Charity Commissions general guidance on public benefit.

Great Smeaton Academy Primary school is non-selective and offers all pupils a broad curriculum. The pupils who attend live mainly in Great Smeaton and its surrounding villages, although some travel from further afield. The Academy is situated in the rural outskirts of Northallerton town with easy access to Darlington. Great Smeaton Primary Academy is strongly supported by parents, governors and the local community. We pride ourselves in our high standards across the curriculum with a happy and welcoming atmosphere.

To assist parents, and to help sustainability, the school runs a breakfast and after school club. To assist academic achievement, the school runs booster classes and 1:1 provision for identified pupils. The academy also offers its pupils activities and experiences beyond the academic, with coaching in a variety of sports, including football, netball, hockey, athletics and tennis. Various visits and offsite activities are organised throughout the year to broaden and deepen pupils' life experiences and to stimulate their learning.

Public Benefit

The Governing Body has had due regard to the Charity Commissions public benefit guidance in considering the Academy's objectives and activities. The academy makes a significant contribution to village life, helping to organise village shows and encouraging links with St Eloy's church. It helps to support the Village Hall by holding activities within it and outsources to local businesses whenever possible.

Governors' Report (continued)

Achievements and Performance

Achievements and Performance

Children have continued to make excellent progress in all areas and across all key stages. Results in English, phonics, maths and science at Foundation Stage, Year 1, Year 2 and Year 6 show children making at least expected progress and often exceeding expected targets. These results also include children with Special Educational Needs.

In addition to success in externally reported subjects, many children excel in other areas of the curriculum, such as music, dance, PE and art. These achievements are equally celebrated. Throughout the year children have taken part in a wide range of sporting tournaments and dramatic and musical performances. In Years 3 – 6 all children take part in 'skills' activities. These activities enable the children to access high quality teaching in small groups. Skills taught range from design technology to individual music lessons.

Children have access to a wealth of private peripatetic music lessons. 1/3 of children in the school have small group or individual singing lessons. This has had a dramatic impact on the quality of singing in the school performances and many have commented on this.

All children are taught a Modern Foreign Language (currently French). At Key Stage 2 this is taught by a specialist teacher.

Key Performance Indicators

The academy continues to achieve results above age expectation at the end of KS1 and KS2 demonstrating good progress.

Key stage 1 (Year 1)

2012	School	National		
Phonics	100%	58%		
Key stage 1 (Year 2)	L2+	(Age expectation)		L3

2012	School	National	School	National
Reading	100%	87%	72%	27%
Writing	100%	83%	42%	14%
Speaking & Listening	100%	88%	72%	22%
Maths	100%	91%	56%	22%

Key stage 2 (Year 6)	L4+	(Age Expectation)		L5
----------------------	-----	-------------------	--	----

2012	School	National	School	National
English	100%	85%	50%	not available
Maths	100%	84%	17%	39%

Please note, as all our cohorts are below ten, our results are not statistically viable

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

The majority of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ending 31st August 2012 and the associated expenditure are shown as restricted funds for the statement of financial activities.

The academy also receives grants of fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset funds. Other sources of income are from the friends of Great Smeaton PTA and from a variety of grants which have been applied for over the past year.

During the period ended 31st August 2012, total expenditure of £342,000 was more than covered by the recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure (excluding net assets transferred in on conversion) for the year was £30,000.

At 31st August 2012 the net value book of fixed assets was £341,000. The assets were used exclusively for providing education and associated support services to the pupils of the academy.

Under accounting standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme which is provided to support staff. This resulted in the general restricted fund showing a surplus of £5,000, after accounting for a deficit of £17,000 on the LGPS.

The academy held total fund balances at 31st August 2012 of £373,000 comprising restricted funds of £351,000 and a balance of £22,000 on unrestricted general funds.

Financial and Risk Management Objectives and Policies

The Academy has a Risk Management Strategy and a Risk Register including the financial risks to the Academy; this is considered by the Governing Body and other relevant committees.

The review will assess major risks to which the Academy is exposed including financial, teaching, facilities and other operational areas. Systems will be implemented to assess and minimise those risks, including internal controls described elsewhere.

Since conversion the Governors have reviewed finances every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The finance and budget management policies were reviewed at the point of academy conversion (Aug 2011) and a revised financial handbook was reviewed and adopted by the current Governing Body July 2012. Financial risk management is reviewed in accordance with this handbook, based on guidelines from the EFA and DfE.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 20 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Governors' Report (continued)

Principal Risks and Uncertainties

The Academy has a School wide Risk Register which is regularly reviewed by the Senior Leadership Team. The Audit Committee monitors risk on behalf of the Governing Body.

The key risks are

- The reduction in funding whilst the Government is looking to reduce costs due to the economic climate
- A fall in roll which would be a threat to sustainability

Reserves Policy

The Governors review the reserve levels of the academy annually. The review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate levels of free reserves should be equivalent to 1 month's of the GAG. 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. It is the Governors' intention that the principal should write to the Secretary of State to gain agreement to carry forward over the maximum allowed balance in order to aid sustainability in the event of a falling role and to maintain the quality of teaching staff and current teacher to pupil ratios. At the end of the period the academy held free reserves of £22,000.

Investment Policy

The School does not have an investment policy as being a small school with limited funds, it chooses to keep these funds accessible. Should interest rates increase, the school will review this to maximise returns on funds.

Plans for Future Periods

The academy plans to increase its Information Technology equipment so that it may be enjoyed by all ages.

It is looking to maintain its current class sizes and to review its curriculum to ensure the best quality of education for its pupils. In order to maintain and increase the quality of teaching and learning, two assistant head teachers have been appointed, to start in September 2012, who will have responsibility for KS1 achievement and attainment and KS2 achievement and attainment.

Three and five year budget plans are in place, which focus on the sustainability of the school over the medium to long term.

The School Development Plan is in place for the next three years (2012 – 2015). Key targets have been agreed at the end of the academic year 2011/12 for 2012/13.

The targets are

Teaching and Learning

- English – to revise and implement the scheme of work
 - Monitor and evaluate
- Maths – to implement a new scheme of work (Abacus Evolve)
 - Monitor and evaluate

Premises

- To continue to develop the school grounds
- School Hall – to investigate sources of funding to expand the school hall and create a dedicated dining area

Great Smeaton Academy Primary School

Governors' Report (continued)

Leadership

- To develop an effective leadership team
 - Building a leadership team who develop shared values and high expectations for the school's future through
 - Devolved leadership
 - Effective and targeted CPD
 - Setting challenging Performance Management targets
 - Continued achievement of excellent academic results
 - Ensuring that all statutory requirements are met as an academy
 - Improving teaching standards

Finance

- Ensure Best value by
 - Showing the return on investment (ROI) in all staffing
 - Reviewing all SLAs
- To successfully acquire additional funding e.g. Capital from DfE, Extended schools income, external bids

ICT

- To ensure ROI on WebAnywhere through the development of the VLE

Funds held as Custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others

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 17/12/12 and signed on its behalf by


Mrs D Addison
Chair

Great Smeaton Academy Primary School

Governance Statement

The manner in which the School is governed is a matter of great importance, affecting the quality of the services it provides, public confidence in its activities, its financial security and the legality of its business

The Governing Body will conduct its business in accordance with English and relevant European law and within the Instrument and Articles of Government as amended on 1st January 2008 under the order and direction of the Secretary of State and within the parameters of the 2011/12 Accounts Direction issued by the EFA

Each Governor has signed the Code of Conduct for governors

It will also observe regulations and issued by the Learning and Skills Council and will act within the principles laid down by the Committee on Standards in Public Life (Nolan Committee) for those holding public office, namely

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty and
- Leadership

Governors recognise the importance of clarity in identifying their role and responsibilities and in differentiating those from the roles and responsibilities of School management whilst, at the same time, recognising the key interactions between the two

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Great Smeaton Academy 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 Principal, 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 Great Smeaton Academy 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

Governors will observe a system of working in an honest, transparent and understandable way by ensuring

- All members observe a Code of Conduct and participate in a Register of Interests
- The Governing Body has a policy on Access to School Information

The Governing Body and its sub committees meet a minimum of three times a year

- An on-going programme of training is agreed aimed at keeping governors up-to-date
- All newly appointed governors will be required to participate in an induction process
- The Governing Body has a procedure on Whistleblowing
- The Clerk is accountable directly to the full Governing Body and, in performing the duties of Clerk, will be independent of the Chair and the Chief Executive/Principal
- The minutes of the sub committees will be presented to the Governing Body by the Chair of the Committee to draw the attention of Members to any items which are recommended for approval to the Governing Body and any issues which the Committee failed to resolve

Great Smeaton Academy Primary School

Governance Statement (continued)

In order to ensure that Great Smeaton Primary Academy School fulfils its Governance responsibilities, it works to a Terms of Reference which includes controls on Finance, Audit, Premises /H&S, Staffing & Curriculum

The Full Governing Body will increase its number from 1st September 2012 in order to accommodate sub-committees in these areas of control so that a more robust system of control and evaluation will be in place

Full governing body meetings attended

Governor	Meetings attended	Out of a possible
D Addison (Chair)	3	3
J Webster (Vice Chair)	3	3
K Bell (Principal)	3	3
L Ingham (Left March 2012)	2	2
A Thurland	2	3
A Alderson (Responsible Officer)	3	3
G Carvey	3	3
M Dawes	2	3
M Vening	2	3
M Hart (Appointed July 2012)	1	1
A Smith (Appointed July 2012)	1	1
P Harbron (Staff Governor July 2012)	1	1
E Raw (Staff Governor July 2012)	1	1

Membership

Each committee shall consist of a minimum of 4 members of the Governing Body The Headteacher and the Chair of Governors are, ex officio, members of the Committee The FGB will elect a Chairman for each committee every year from within its own membership, at the Autumn term meeting

Each committee is authorised to invite attendance at its meetings from persons to assist or advise on a particular matter or range of issues, including parents and members of the academy staff who are not governors

The membership of the Committee shall be reviewed and determined annually by the Governing Body Any governor may attend meetings of any committees

Quorum

The quorum shall be 3 members, of which the Headteacher, or their representative, must be one

Only governors who are members of the committee may vote at committee meetings Where necessary, the elected chair of the committee may have a second or casting vote

Meetings

The Chair and the Clerk to the Committees shall be responsible for convening meetings of the Committee

The clerk to the committee will circulate an agenda for each meeting and papers at least a week before the committee meeting The clerk of the committee is elected by the committee

In the absence of the chair or clerk the committee will elect a replacement for the meeting

Each committee will meet as often as is necessary to fulfil its responsibilities and at least once each term, and otherwise as required

Attendance at each committee meeting, issues discussed and recommendations for decisions will be recorded The written record will be forwarded by the clerk to the committee to the clerk to the governing body in sufficient time for its inclusion on the agenda and papers of the next meeting of the whole governing body This is to meet statutory requirements, to provide information to the whole governing body and to seek ratification of decisions and recommendations

Governance Statement (continued)

The chair of the committee will be responsible for giving an oral summary of the committee's deliberations if necessary at meetings of the whole governing body

In the event of a need to make genuinely urgent decisions between meetings on matters falling within the remit of the committee, the chair of the governors, in consultation with the headteacher and chair of the committee, will take appropriate action on behalf of the committee. The decisions taken and the reasons for urgency will be explained fully at the next meeting of the whole governing body

The committee chairs will meet with the chair of governors and headteacher at the beginning of each term to plan the work of each committee in relation to the Academy's development plan and other issues

Governing Body Structure (July 2012)

		Areas of Responsibility	Link Governor
Principal	K Bell		
Chair	D Addison	I C T	Class 4
Vice Chair	J Webster	Humanities and M F L	Class 3
H&S Governor /	A Thurland	Literacy and E Y F S	Class 1
Curriculum Chair			
Audit Chair	E Raw	KS1	
Finance Chair	P Harbron	KS2	
	M Hart	Science	Class 2
	A Smith	Maths	
	A Alderson	P E	
	M Vening	S E N and Arts	
	G Carvey		
	M Dawes		

Sub-Committee Responsibilities

The respective responsibilities for Finance, Audit, Staffing, Premises / Health and Safety and Curriculum can be found in the School's Terms of Reference which is published on the school website
Membership of each sub-committee is as follows

Audit

Amanda Alderson – Responsible Officer
Gordon Carvey
Judith Webster
Emma Raw

Curriculum / Staffing

Marion Hart
Ann Thurland
Paul Harbron
Emma Raw
Mike Vening

Finance / Health & Safety

Paul Harbron
Mark Dawes
Alistair Smith
Ann Thurland

Great Smeaton Academy Primary School

Governance Statement (continued)

Sub-committee meeting attended

Governor	Meetings attended	Out of a possible
D Addison (Chair)	6	6
J Webster (Vice Chair)	3	3
K Bell (Principal)	6	6
L Ingham (Left March 2012)	2	2
A Thurland	3	3
A Alderson (Responsible Officer March 2012)	1	3
G Carvey	3	3
M Dawes	2	3
M Vening	1	3
M Hart (Appointed July 2012)	1	1
A Smith (Appointed July 2012)	1	1
P Harbron (Staff Governor July 2012)	1	1
E Raw (Staff Governor July 2012)	1	1

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'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 Great Smeaton Academy Primary School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance Committee and FGB 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 A Alderson, a Governor, as Responsible Officer ('RO') and Evolution to complete the external RO role. 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 governing body's financial responsibilities.

Governance Statement (continued)

Review of Effectiveness

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 17/12/12 and signed on its behalf by



Mrs D Addison
Chair



Miss K Bell
Accounting Officer

Great Smeaton Academy Primary School

Statement on Regularity, Propriety and Compliance

As accounting officer of Great Smeaton Academy 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.



Miss K Bell
Accounting Officer

17/12/12

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities and are also directors of Great Smeaton Academy 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 period. In preparing these financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the governors are aware

- there is no relevant audit information of which the academy'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.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 17/12/12 and signed on its behalf by


Mrs D Addison
Chair

Independent Auditor's Report to the Members of Great Smeaton Academy Primary School

We have audited the financial statements of Great Smeaton Academy Primary School for the period ended 31 August 2012 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 2011/12 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 governors and auditor

As explained more fully in the Statement of Governors' Responsibilities the governors (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 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 trust's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Great Smeaton Academy Primary School

Independent Auditor's Report to the Members of Great Smeaton Academy 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

Evolution Audit LLP

**Graham Fitzgerald BA FCA(Senior Statutory Auditor)
for and behalf of Evolution Audit LLP**

**Chartered Accountants
Statutory Auditor**

17/12/12

10 Evolution
Wynyard Park
Wynyard
TS22 5TB

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Great Smeaton Academy Primary School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 30 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Great Smeaton Academy Primary School during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Great Smeaton Academy 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 the Great Smeaton Academy 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 Great Smeaton Academy Primary School and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Great Smeaton Academy Primary School accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Great Smeaton Academy Primary School funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 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 2011/12 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

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

Evolution Audit LLP

**Evolution Audit LLP
Chartered Accountants**

17/12/12

10 Evolution
Wynyard Park
Wynyard
TS22 5TB

Statement of Financial Activities for the Period Ended 31 August 2012
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Transfer from local authority on conversion	21	7	(15)	353	345
Activities for generating funds	3	32	-	-	32
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	4	13	322	5	340
Total incoming resources		52	307	358	717
Resources expended					
<i>Cost of generating funds</i>					
Fundraising activities		9	-	-	9
<i>Charitable activities</i>					
Academy's educational operations	6	21	282	12	315
Governance costs	7	-	18	-	18
Total resources expended	5	30	300	12	342
Net incoming resources before transfers		22	7	346	375
Gross transfers between funds		-	-	-	-
Net income for the period		22	7	346	375
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	20	-	(2)	-	(2)
Net movement in funds		22	5	346	373
Reconciliation of funds					
Funds brought forward to 1 September 2011		-	-	-	-
Funds carried forward at 31 August 2012		22	5	346	373

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

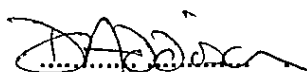
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Great Smeaton Academy Primary School

Balance Sheet as at 31 August 2012

	Note	2012 £000	2012 £000
Fixed assets			
Tangible assets	11		341
Current assets			
Debtors	12	10	
Cash at bank and in hand		60	
		<u>70</u>	
Creditors Amounts falling due within one period	13	(21)	
Net current assets			<u>49</u>
Total assets less current liabilities			<u>390</u>
Net assets excluding pension liability			
Pension scheme liability	20		(17)
Net assets including pension liability			<u>373</u>
Funds of the academy			
Restricted funds			
Fixed asset fund	15		346
General fund	15		22
Pension reserve	15		(17)
Total restricted funds			<u>351</u>
Unrestricted funds	15		22
Total funds			<u>373</u>

The financial statements on pages 19 to 37 were approved by the governors, and authorised for issue on 17/11 2012 and are signed on their behalf by



Mrs D Addison
Chair

Company Limited by Guarantee
Registration Number 07730938

Great Smeaton Academy Primary School

Cash Flow Statement for the Period Ended 31 August 2012

	Note	2012 £000
Net cash inflow from operating activities	16	48
Capital expenditure	17	5
Cash transferred on conversion to an academy trust	21	7
Increase in cash in the period	18	60
Reconciliation of net cash flow to movement in net funds		
Net funds at 31 August 2012		60

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

Notes to the Financial Statements for the Period Ended 31 August 2012

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 Annual 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.

- **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.

- **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 year 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 31 August 2012 (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 governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Conversion to an Academy

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

The assets and liabilities transferred on conversion from Great Smeaton Community Primary School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Great Smeaton Academy Primary School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 21.

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

1 Accounting Policies (continued)

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:

Long leasehold buildings	4% straight line
Fixtures, fittings and equipment	20% 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 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 20, 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.

Notes to the Financial Statements for the Year Ended 31 August 2012 (continued)

1 Accounting Policies (continued)

Pensions Benefits (continued)

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 year 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/Young People's Learning 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/Young People's Learning Agency/Department for Education.

Notes to the Financial Statements for the Year Ended 31 August 2012 (continued)

2 General Annual Grant (GAG)

a Results and carry forward for the period

		2012 £000
GAG allocation for current period		270
Total GAG available to spend		270
Recurrent expenditure from GAG	250	
Fixed assets purchased from GAG	-	(250)
GAG carried forward to next period		20
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)		(33)
GAG to surrender to DfE		(13)
(12% rule breached if result is positive)		no breach

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Uniforms	2	-	2
Catering income	15	-	15
School trips	5	-	5
Other fundraising	10	-	10
	32	-	32

Notes to the Financial Statements for the Year Ended 31 August 2012 (continued)

4 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
DfE/YPLA/EFA revenue grants			
General Annual Grant (GAG) (note 2)	-	270	270
Start Up Grants	-	25	25
Other DfE/YPLA/EFA grants	-	2	2
	<u>-</u>	<u>297</u>	<u>297</u>
Other Government grants			
Devolved capital grant	-	5	5
Special educational projects	-	21	21
Other	-	3	3
	<u>-</u>	<u>29</u>	<u>29</u>
Other Income	<u>13</u>	<u>1</u>	<u>14</u>
	<u>13</u>	<u>327</u>	<u>340</u>

5 Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2012 £000
Costs of activities for generating funds	-	-	9	9
Academy's educational operations				
Direct costs	187	-	21	208
Allocated support costs	<u>32</u>	<u>45</u>	<u>30</u>	<u>107</u>
	<u>219</u>	<u>45</u>	<u>60</u>	<u>324</u>
Governance costs including allocated support costs	<u>-</u>	<u>12</u>	<u>6</u>	<u>18</u>
	<u>219</u>	<u>57</u>	<u>66</u>	<u>342</u>

2012
£000

Incoming/outgoing resources for the period include

Fees payable to auditor	
Audit	2
Other services	4
	<u>6</u>

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

6 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Direct costs			
Teaching and educational support staff costs	-	187	187
Educational supplies	4	10	14
Staff development	-	1	1
Educational consultancy	-	6	6
	<u>4</u>	<u>204</u>	<u>208</u>
Allocation supported costs			
Support staff costs	-	32	32
Depreciation	-	12	12
Maintenance of premises and equipment	-	10	10
Cleaning	-	7	7
Rates and water	-	5	5
Light and heat	-	5	5
Insurance	-	6	6
Catering	17	-	17
IT costs	-	6	6
Other support costs	-	7	7
	<u>17</u>	<u>90</u>	<u>107</u>
	<u>21</u>	<u>294</u>	<u>315</u>

7 Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000
Legal and professional fees	-	12	12
Auditor's remuneration			
• Audit of financial statements	-	2	2
• Responsible officer audit	-	2	2
• Accountancy, taxation and other services	-	2	2
	<u>-</u>	<u>18</u>	<u>18</u>

8 Staff Costs

	2012 £000
Staff costs during the period were	
Wages and salaries	185
Social security costs	12
Pension costs	22
	<u>219</u>

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

8 Staff Costs (continued)

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

	2012 Number	2012 Full-time equivalent
Charitable Activities		
Teachers	3	3
Administration and support	6	3
Management	1	1
	<u>10</u>	<u>7</u>

No employee's annual emoluments totalled more than £60,000

9 Governors' Remuneration and Expenses

Principal and staff governors (trustee governors) only received remuneration in respect of services they provided undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration during the period was as follows

K Bell, Principal and Trustee	£45,000 - £50,000
L Ingham, Staff Governor and Trustee	£10,000 - £15,000

10 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2012 was £530

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

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

11 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Total £000
Cost			
Transfer on conversion	349	4	353
At 31 August 2012	349	4	353
Depreciation			
Charged in period	11	1	12
At 31 August 2012	11	1	12
Net book values			
At 31 August 2012	338	3	341

Land and buildings have been valued on a depreciated replacement cost basis as at 31 August 2012 by DTZ on behalf of the Education Funding Agency

12 Debtors

	2012 £000
Prepayments	4
Other debtors	6
	<u>10</u>

13 Creditors amounts falling due within one year

	2012 £000
Trade creditors	3
Other taxation and social security	6
Accruals and deferred income	12
	<u>21</u>

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

14 Funds

	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2012 £000
Restricted general funds				
General Annual Grant (GAG)	270	(250)	-	20
Start Up Grant	25	(23)	-	2
Other DfE/YPLA/EFA grants	2	(2)	-	-
Other government grants	24	(24)	-	-
Other income	1	(1)	-	-
	322	(300)	-	22
Pension reserve	(15)	-	(2)	(17)
	307	(300)	(2)	5
Restricted fixed asset funds				
Devolved capital grant	5	-	-	5
Transfer from Local Authority	353	(12)	-	341
	358	(12)	-	346
Total restricted funds	665	(312)	(2)	351
Unrestricted funds	52	(30)	-	22
Total funds	717	(342)	(2)	373

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

General Annual Grant must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

The Start Up Grant was received to contribute towards the academy start up costs. The balance carried forward at 31 August 2012 is for the final instalment of the new website cost.

Devolved Capital Grant has been received for capital expenditure and is carried forward to the next school year.

The Transfer from Local Authority reflects the fixed assets acquired from North Yorkshire County Council on conversion. Depreciation on these assets is charged against this fund.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

Unrestricted funds can be used for any purpose at the discretion of the academy.

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

15 Analysis of Net Assets between Funds

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	341	341
Current assets	22	43	5	70
Current liabilities	-	(21)	-	(21)
Pension scheme liability	-	(17)	-	(17)
Total net assets	22	5	346	373

16 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2012 £000
Net income	375
Transfer on conversion	(345)
Depreciation (note 11)	12
Capital grants from DfE/YPLA/EFA and other capital income	(5)
Increase in debtors	(10)
Increase in creditors	21
Net cash inflow from operating activities	48

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

17 Capital Expenditure and Financial Investment

	2012 £000
Capital grants from DfE/YPLA/EFA	5
Net cash inflow from capital expenditure and financial investment	5

18 Analysis of Changes in Net Funds

	Cash flows £000	At 31 August 2012 £000
Cash in hand and at bank	60	60
	60	60

19 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

20 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 31 March 2004 and of the LGPS 31 March 2010

Teachers' Pension Scheme

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

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

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

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

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

20 Pension and Similar Obligations (continued)

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the year 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 investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

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

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

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

Local Government Pension Scheme

The 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. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2012 was £6,000, of which employer's contributions totalled £4,000 and employees' contributions totalled £2,000. The agreed contribution rates for future years are 14.1% for employers and 5.5% to 7.5% for employees.

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

20 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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 31 August 2012	At 1 September 2011
Rate of increase in salaries	4.0%	4.5%
Rate of increase for pensions in payment / inflation	2.2%	2.7%
Discount rate for scheme liabilities	4.3%	5.3%
Inflation assumption (CPI)	2.2%	2.7%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2012	At 1 September 2011
<i>Retiring today</i>		
Males	22.5	22.1
Females	25.2	24.7
<i>Retiring in 20 years</i>		
Males	24.3	23.5
Females	27.2	26.3

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	7.0%	4
Government bonds	2.5%	1
Corporate bonds	3.4%	1
Property	6.0%	-
Cash	0.5%	-
Other	7.0%	-
Total market value of assets		6
Present value of scheme liabilities		
• Funded		(23)
Deficit in the scheme		(17)

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

20 Pension and Similar Obligations (continued)**Local Government Pension Scheme (continued)**

Great Smeaton Academy Primary School employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the asset allocation for the fund at 31 August 2012.

The actual return on scheme assets was £nil

Amounts Recognised in the Statement of Financial Activities

	2012 £000
Current service cost (net of employee contributions)	4
Total operating charge	<u>4</u>
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	-
Interest on pension liabilities	-
Pension finance income / (costs)	<u>-</u>

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 a £2,000 loss.

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

	2012 £000
At 1 September 2011	15
Current service cost	4
Employee contributions	2
Actuarial loss	2
At 31 August 2012	<u>23</u>

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

	2012 £000
At 1 September 2011	-
Employer contributions	4
Employee contributions	2
At 31 August 2012	<u>6</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £4,000

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

20 Pension and Similar Obligations (continued)

The history of experience adjustments is as follows

	As at 31 August 2012 £000	As at 1 September 2011 £000
Present value of defined benefit obligations	(23)	(15)
Fair value of share of scheme assets	6	-
Deficit in the scheme	<u>(17)</u>	<u>(15)</u>

21 Conversion to an Academy Trust

On 1 September 2011 the Great Smeaton Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Great Smeaton Academy Primary School from the North Yorkshire 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	-	-	349	349
Other tangible fixed assets	-	-	4	4
Budget surplus on LA funds	7	-	-	7
LGPS pension deficit	-	(15)	-	(15)
Net assets / (liabilities)	<u>7</u>	<u>(15)</u>	<u>353</u>	<u>345</u>

The above net assets include £7,000 that was transferred as cash