

Sir Harry Smith Academy Trust
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the period from 1 April 2012 to 31 August 2013

Sir Harry Smith Academy Trust

STATUTORY INFORMATION

Governors/Trustees	T Beebe* J Donnachie* J King* J Digby* D Hyland-Jeffrey*	Chair (to 31 August 2013) Chair (from 31 August 2013)/Parent Local Authority Principal Parent
Governing Body	M Curtis S Orwin* E Pilkinton* V Read* P Tierney J Timms N Baker* H Lovitt K Abblitt E Hedgecock Z Hill B Hutchinson L Richards E Thorne* Mr J Fuller M Scott J Hammond	<i>* members of the Finance, Audit and Premises Committee</i> <i>(from March 2013)</i> <i>(to July 2013)</i> <i>(from March 2013)</i> <i>(to April 2013)</i> <i>(to February 2013)</i> <i>(to July 2013)</i> <i>(to March 2013)</i> <i>(to April 2013)</i> <i>(to July 2013)</i> <i>(from June 2013)</i> <i>(to June 2013)</i> <i>(to June 2013)</i>
Senior Management Team:		
Principal	Mr J Digby	
Deputy Principal	Mrs D White	
Assistant Principal	Mr P Ashworth	
Assistant Principal	Mr R Potter	
Assistant Principal	Mrs A Brown	
Assistant Principal	Mr J Fuller	
Principal and Registered Office	Sir Harry Smith Academy Trust Eastrea Road Whittlesey Peterborough PE7 1XB	
Company Registration Number	8006711 (England and Wales)	
Independent Auditor	Baker Tilly UK Audit LLP Abbotsgate House Hollow Road Bury St Edmunds Suffolk IP32 7FA	
Bankers	Lloyds TSB 6 Queens Street Whittlesey Peterborough PE7 1AY	
Solicitors	Buckles Solicitors LLP Grant House 101 Bourges Boulevard Peterborough PE1 1NG	

Sir Harry Smith Academy Trust

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Sir Harry Smith Academy Trust

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2013.

The charitable company was incorporated on 26 March 2012 and opened as an academy on 1 April 2012. During the period, the accounting reference date was lengthened to 31 August 2013. Subsequent reports will cover 12 month periods ending 31 August.

Structure, governance and management

Constitution

Sir Harry Smith Academy Trust is the legal entity which incorporates Sir Harry Smith Community College (SHSCC). Sir Harry Smith Academy Trust 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 Trust.

Certain governors act as trustees for the charitable activities of Sir Harry Smith Community College and are also the directors of the Charitable Company for the purpose of company law.

Details of the governors who served throughout the year, 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 so may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Throughout the duration of the accounting period Professional Indemnity Insurance, Governor's and Trustee's Liability Insurance and Fidelity Guarantee Insurance were in place.

Principal activities

The principal activities of SHSCC are to advance for public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and also to promote the provision of recreation and leisure facilities for the inhabitants of Whittlesey and the surrounding area.

Method of recruitment and appointment or election of Trustees & Governors

Parent Governor vacancies are advertised by letters to parents and filled by election. Staff Governor vacancies are advertised to all staff by placing notices in staff bulletins and via email. Trustees and Community Governor vacancies are advertised on the academy website. The Principal is treated for all purposes as an ex-officio Governor. The governing body can include up to 20 Governors.

Policies and procedures adopted for induction and training of Trustees & Governors

The Induction Policy for new Trustees and Governors was adopted in October 2013. SHSCC subscribes to Cambridgeshire County Council's professional service for induction, support, development and training of Governors. All new governors receive a governing handbook and induction process that includes a tour of the college, opportunity to meet key staff, the senior leadership team, and students.

Sir Harry Smith Academy Trust

TRUSTEES' REPORT (continued)

Organisational structure

The Governing Body meets at least once per term.

The Governing Body is organised into four committees: Finance, Audit & Premises, Personnel, Student Services and Curriculum and Standards.

Each governor serves on at least one committee and each committee meet at least once a term. The committees are supported by designated members of the Senior Leadership Team. The Chair and Vice Chair of Governors also have weekly meetings with the Principal to monitor progress and outcomes. The primary purpose of each committee is to ensure the quality of education provision and to act as the accountable body for the academy. Each committee provides continuous accountability in order to ensure the highest possible outcomes for the academy.

The Curriculum and Standards Committee's priority is to ensure that the academy delivers the highest standards of teaching and learning for all of our students. The Curriculum and Standards Committee meets at least once a term to guide, monitor and evaluate the delivery of the curriculum and standards of teaching and learning. They check that teaching quality is monitored and that staff development is implemented, and evaluate the strategies being implemented to improve attainment.

The Finance, Audit and Premises Committee have overall responsibility, on behalf of the Governing Body, for the conduct of the academy's financial affairs and for such other matters as shall be delegated by the Governing Body from time to time. The Committee's advice and decisions shall be directed to the protection and enhancement of the academy's assets and the best use of its income so that the objects of the academy may be achieved.

This committee meets at least once a term; they also ensure that the buildings and grounds of the academy are kept in excellent condition and in line with health and safety policies and procedures.

The Personnel Committee's priority is to provide guidance and recommendations to the Full Governing Body and the Principal on all matters relating to governors' personnel and training responsibilities. The committee's advice and decisions must observe the requirements of the latest National Regulations and Standing Orders relating to personnel matters or the requirements of the relevant Education Acts.

The Student services committee meets at least once a term, their priority is to support the Senior Leadership Team in realising the Every Child Matters agenda and to support the College in ensuring community cohesion and equality throughout the College.

The day to day management of the Academy is delegated to Jonathan Digby, the Principal, who is also the Accounting Officer.

Risk management

A rated risk register, identify the key risks to which the Academy Trust is exposed, was compiled following conversion. Measures are in place to ensure that this is monitored and managed by the Governing Body on an on-going basis.

Connected organisations, including related party relationships.

SHSCC is a standalone academy. It works closely with Cambridgeshire County Council's Locality team, its partner primary schools and other local secondary schools.

Objectives and Activities

The principal activities of the charitable company are; to provide a high quality comprehensive learning opportunity for the young people of Whittlesey and the surrounding areas by the provision of secondary education for 11-18 year olds

Sir Harry Smith Academy Trust

TRUSTEES' REPORT (continued)

Objects and aims

The object of the academy trust is to play a full and active role within the local community in relation to the provision of high quality education to the individuals and families in the areas served. The objectives and values of the trust are set out below:

Our objectives are

- To provide the highest quality teaching and learning possible to enable all students to reach their full potential
- To cater for 11 to 18 aged students providing a range of suitable learning opportunities
- To be a safe, effective and friendly environment.
- To value, encourage and help develop the potential of all within our community.
- To strive to improve our performance and measure achievement against challenging standards.

Our values are

- To emphasise co-operation, tolerance, sensitivity and empathy towards others
- To meet the needs of each individual
- To develop students as responsible citizens
- To welcome members of the community and visitors to the College

Objectives, strategies and activities

The main objectives are delivered through the curriculum we offer and through being part of the College and we aim for students to achieve are summarised below:

- To develop lively, enquiring minds with the ability to reason thoughtfully, to question carefully and to think creatively to argue rationally and to apply themselves to tasks;
- To develop the knowledge, understanding, skills and values they will need for adult life and for further education and employment in a fast-changing world;
- To have an understanding and respect for the religious and moral beliefs of others and for different cultural ways of life understanding that everyone has a right to equal opportunities;
- To take the responsibility for their own health, fitness and well-being ;
- To become articulate, confident and self-disciplined adults, responsible for their own behaviour and to have a caring attitude which shows tolerance, sensitivity and empathy for others;
- To develop students as responsible citizens and acquire knowledge, skills and understanding to gain maximum benefit for adult life and employment in a fast changing world;
- To raise the level of attainment achieved by students;
- To consolidate the financial position and secure a balanced budget in the context of a falling roll and a reducing income;
- To develop and strengthen the college's existing partnerships with its partner primary schools and other local secondary schools.

Public benefit

The Trustees have complied with their duty to have due regard to exercise their powers to ensure that the trust is for the advancement of education.

SHSCC continues to provide a high quality education to the students. In addition it provides support to primary schools in the area. Sports facilities are available to the public and sports clubs for hire and are in use outside of school hours.

Sir Harry Smith Academy Trust

TRUSTEES' REPORT (continued)

Achievements and Performance

For full information on school success in 2012-2013 please contact the school office.

The GCSE results at the end of 2012-13 are summarised below (un-validated at the time of writing):

	5+A*- C EM	5+A*- C	5+A* -G	EB	A*-C Eng.	A*-C Maths	A*- C EM	3 Levels of Progress Eng.	3 Levels of Progress Maths	APS	Capped APS
SHSCC	61%	79%	98%	11 %	71%	74%	62 %	69%	73%	442	415
LA Average	61%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
National Average	59%	n/a	n/a	n/a	64%	58%	n/a	n/a	n/a	n/a	n/a

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Key financial Performance Indicators

- Unrestricted funds £492,384
- Restricted general funds (£1,812,794) of which (£1,815,000) relates to the pension deficit leaving £2,206 as other restricted funds carried forward (£1,292 Pupil Premium and £914 other restricted funds)
- Restricted fixed asset fund £17,515,915.
- GAG spend in the year was £6,637,103 against GAG income of £6,493,785 which has meant that £143,318 was required to be transferred in from the unrestricted funds of the academy.
- Pupil numbers: 1050
- Total staff costs were: £6,620,812 which as a % of GAG is 101%. Some of these staff costs were supported by other grant funding, including Pupil Premium.

Financial Review

The Academy Trust is in a positive financial position with a substantial proportion of its funding coming from the Education Funding Agency and the Local Authority. To a large extent government funding is driven by the number of students on roll. SHSCC has been subject to a falling roll over the past few years however the reputation of the College has resulted in students travelling from out of catchment to attend the academy.

The Governing Body is confident that, with careful budget management and a robust system of internal control, the academy will continue to be able to meet the costs of the objectives of the Academy Trust as a whole. This is backed up by the examination results which have been achieved over time by SHSCC.

The Governing Body hopes that going forward; the Academy will be in a position to create a reserve for emergency purpose, to include a fixed sum of money, maintained purely as a contingency fund.

During the period, GAG and other income was exceeded by recurrent educational expenditure by £143,318, and the shortfall was met with unrestricted funds.

Net current assets at the end of the period were £494,590. Of this, £2,206 relates to amounts ring-fenced for specific activities (restricted) and therefore the 'free' funds amount to £492,384 at period end.

Sir Harry Smith Academy Trust

TRUSTEES' REPORT (continued)

Financial risk management objectives and policies

The Academy has put together a comprehensive risk register. The Governing Body has put measures in place to monitor and manage the risks that have been identified on an on-going basis. Where possible, risks will be eliminated, but where this is not possible, action will be taken to ensure that these risks are controlled and likelihood of them being realised will be reduced as far as is reasonably practical. Minutes of all committees are reviewed by the governing body including reviews of the academy budget.

Principal risks and uncertainties

The Government is currently working towards a national funding formula for education. This will have a significant impact for some schools however; as yet, we do not have sufficient information to assess what the impact will be for us as an individual Academy. We are therefore working closely with other secondary schools to ensure that we share information as soon as it is available so that we can react accordingly.

Cash flow is monitored regularly and due to the funding arrangements in place, we do not expect to encounter any significant problems.

Reserves policy

With less dependency on the Local Authority, the intention of the academy is to build a contingency fund of £100,000 to be a fixed amount, maintained for emergency purposes.

The contingency fund will purely be used in the event of an emergency rather than being used to fund any other projects. Although we currently have a deficit under the Local Authority Pension Scheme, this is not a liability which has an immediate cash flow impact and therefore we will continue to monitor the level of this liability once the employer's contribution rate is set at that which is required to reduce the deficit.

As at 31 August 2013, total reserves were £16,195,505 of which £492,384 were deemed to be 'free' reserves that is those unrestricted funds not invested in fixed assets restricted for a purpose, or otherwise committed.

Investment policy

Due to the restrictions on funding, it is very unlikely that we will be in a position where we have funds available for investment purposes.

Plans for future periods

The trust plans and manages its continuing improvement through the production of a College Improvement Plan (CIP), which takes into account the views of students, parents, staff and governors

Funds held as Custodian Trustee on behalf of others

The Academy holds no funds as a Custodian Trustee on behalf of other charities. It does however act as agent, holding funds on behalf of the Whittlesey Locality team and Whittlesey cluster funding. At 31 August 2013 £19,091 was held on behalf of these bodies.

Auditors

Baker Tilly UK Audit LLP were appointed and has indicated their willingness to continue in office.

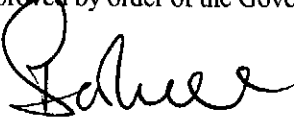
Sir Harry Smith Academy Trust

TRUSTEES' REPORT (continued)

Statement as to disclosure of information to auditors

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Board at its meeting on 9 December 2013 and signed on its behalf by:



Mr J Donnacliffe
Chair

Sir Harry Smith Academy Trust

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees 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 Sir Harry Smith Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Governor	Full Governing Body meetings attended	Out of possible	Resources Committee meetings attended	Out of possible
T Beebe (Chair to August 2013)	6	7	5	6
J Donnachie (Chair from August 2013)	7	7	6	6
J King	7	7	5	6
J Digby (Principal)	7	7	6	6
D Hyland-Jeffrey	5	7	4	6
M Curtis	1	7	N/A	N/A
J Timms	2	5	N/A	N/A
N Baker	3	7	5	6
H Lovitt	0	5	N/A	N/A
S Orwin	6	7	6	6
E Pilkinton	6	7	5	6
V Read	7	7	6	6
P Tierney	2	7	N/A	N/A
E Thorne	3	7	5	6
J Fuller	1	7	N/A	N/A
K Abblitt	4	5	N/A	N/A
E Hedgecock	3	4	N/A	N/A
Z Hill	4	7	N/A	N/A
B Hutchinson	0	5	N/A	N/A
L Richards	2	5	N/A	N/A
M Scott	3	7	N/A	N/A
J Hammond	0	7	N/A	N/A

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sir Harry Smith Academy Trust for the period 1 April 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Sir Harry Smith Academy Trust

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The board of trustees 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 board of trustees 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 1 April 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 board of trustees;
- regular reviews by the Finance, Audit and Premises 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 board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Mr J Donnachie, a trustee, as responsible officer (RO).

Review of Effectiveness

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

During the period under review the review has been informed by:

- 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.

A risk register has been created by governors and SLT, however, there has yet to be any independent checking completed on the risks identified therein, as the register was only completed late on in the period. The intention is such that each committee has a responsibility to monitor and undertake reviews of effectiveness that are relevant to their purpose.

In the future the Accounting Officer will be advised of the implications of the result of the review of the system of internal control by the Finance, Audit and Premises committee and a plan to address weaknesses and ensure continuous improvement of the system will be put in place.

Approved by order of the members of the Governing Body on 9 December 2013 and signed on its behalf by:


Mr T Beebe
Chair


Mr J Digby
Accounting Officer

Sir Harry Smith Academy Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sir Harry Smith Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As my 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 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 irregular, impropriety or funding non-compliance have been discovered to date.



Mr J Digby
Accounting Officer
9 December 2013

Sir Harry Smith Academy Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are also the directors of the Charitable Company for the purposes of company law are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

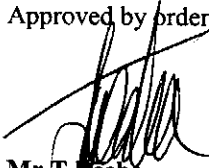
Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources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

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2013 and signed on its behalf by:



Mr T Beebe
Chair

Sir Harry Smith Academy Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIR HARRY SMITH ACADEMY TRUST

We have audited the financial statements of Sir Harry Smith Academy Trust for the period ended 31 August 2013 on pages 14 to 34. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who act as the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other requirement of the Companies Act 2006

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

Sir Harry Smith Academy Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIR HARRY SMITH ACADEMY TRUST (continued)

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.

Baker Tilly UK Audit LLP

Claire Sutherland (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP
Statutory Auditor Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

18 December 2013

Sir Harry Smith Academy Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

for the period ended 31 August 2013

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	1	1,975	30,972	7,670	40,617
Voluntary income – transfer from local authority	21	665,083	(1,459,000)	18,627,146	17,833,229
Investment income		3,818	-	-	3,818
Activities for generating funds	3	21,143	-	-	21,143
Incoming resources from charitable activities:					
Academy's educational operations	2	324,110	7,816,832	-	8,140,942
Total incoming resources		1,016,129	6,388,804	18,634,816	26,039,749
RESOURCES EXPENDED					
Charitable activities:					
Academy's educational operations	5	359,095	8,035,705	1,140,233	9,535,033
Governance costs	6	-	57,211	-	57,211
Total resources expended	4	359,095	8,092,916	1,140,233	9,592,244
NET INCOMING/(OUTGOING)RESOURCES BEFORE TRANSFERS					
		657,034	(1,704,112)	17,494,583	16,447,505
Gross transfers between funds	14	(164,650)	143,318	21,332	-
NET INCOME FOR THE PERIOD		492,384	(1,560,794)	17,515,915	16,447,505
OTHER RECOGNISED GAINS AND LOSSES					
Actuarial losses on defined benefit schemes	20	-	(252,000)	-	(252,000)
NET MOVEMENT IN FUNDS		492,384	(1,812,794)	17,515,915	16,195,505
TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST	14	492,384	(1,812,794)	17,515,915	16,195,505

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

Sir Harry Smith Academy Trust

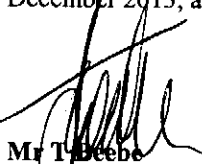
BALANCE SHEET

31 August 2013

Company Registration No. 0800671

	<i>Notes</i>	2013	
		£	£
FIXED ASSETS			
Tangible assets	10		17,515,915
CURRENT ASSETS			
Debtors	11	188,399	
Cash at bank and in hand		705,067	
		<u>893,466</u>	
CREDITORS: Amounts falling due within one year	12	(398,876)	
NET CURRENT ASSETS			<u>494,590</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>18,010,505</u>
Pension scheme liability	20	(1,815,000)	
NET ASSETS INCLUDING PENSION LIABILITY			<u><u>16,195,505</u></u>
RESTRICTED FUNDS			
Fixed asset fund	14		17,515,915
General fund	14		2,206
Restricted funds excluding pension reserve			<u>17,518,121</u>
Pension reserve	14		(1,815,000)
TOTAL RESTRICTED FUNDS			<u>15,703,121</u>
TOTAL UNRESTRICTED FUNDS	14		<u>492,384</u>
TOTAL FUNDS			<u><u>16,195,505</u></u>

The financial statements on pages 14 to 34 were approved by the governors and authorised for issue on 9 December 2013, and are signed on their behalf by:


Mr T. Deebe
Chair

Sir Harry Smith Academy Trust

CASH FLOW STATEMENT

for the period ended 31 August 2013

	Notes	2013 £
Net cash flow from operating activities	17	57,498
Returns on investments and servicing of finance		
Investment income		3,818
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets		(29,002)
Capital funding received		7,670
Cash transferred on conversion to an academy trust		665,083
INCREASE IN CASH IN THE PERIOD	18	<u>705,067</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Increase in cash in the period	18	705,067
Net funds at 31 August 2013		<u>705,067</u>

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

Sir Harry Smith Academy Trust

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 Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Incoming resources

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

Grants receivable

Grant income is 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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Donations

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

Other income

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

Conversion to an academy trust

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

The assets and liabilities transferred on conversion from the maintained 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 Sir Harry Smith Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed asset funds.

Land & buildings transferred on from the local authority of £18,618,000 represent the leasehold land and buildings transferred from the predecessor school upon conversion to an academy, and subsequent BSF works undertaken. Other fixed assets comprising plant & machinery, furniture & equipment and computer equipment & software, were transferred at a value of £9,146.

The LGPS balance transferred on conversion was a deficit of £1,459,000, as valued by the pension scheme actuary.

Further details of the transactions are set out in note 21.

Sir Harry Smith Academy Trust

ACCOUNTING POLICIES (continued)

Interest receivable

Interest receivable is included on a receivable basis, and is stated inclusive of related tax credits.

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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use.

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

Governance costs include the costs attributable to the Academy Trust'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.

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education other funders, where the asset acquired or created is held for a specific purpose.

Tangible fixed assets

Tangible fixed assets costing £1,000 or more are capitalised at cost 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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the 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 over its expected useful lives, as follows:

Long leasehold buildings	15-50 years straight line
Plant & machinery	4 years straight line

Sir Harry Smith Academy Trust

ACCOUNTING POLICIES (continued)

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

Leased assets

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

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Second Pension ('S2P'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust 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.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013

1 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2013 Total £
Donations – capital	-	-	7,670	7,670
DFE/EFA capital	-	30,972	-	30,972
Other donations	1,975	-	-	1,975
	<u>1,975</u>	<u>30,972</u>	<u>7,670</u>	<u>40,617</u>

2 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2013 Total £
DfE/EFA REVENUE GRANTS:				
General annual grant (GAG)	-	6,493,785	-	6,493,785
Start-up grants	-	25,000	-	25,000
Pupil Premium Funding	-	240,283	-	240,283
GTP Income	-	23,400	-	23,400
WGA grant	-	2,200	-	2,200
Other DfE/EFA revenue grants	-	12,600	-	12,600
	-	<u>6,797,268</u>	-	<u>6,797,268</u>
OTHER GOVERNMENT GRANTS:				
Special Educational Needs Funding	-	483,905	-	483,905
BAIP Funding	-	297,235	-	297,235
EPC Funding	-	191,667	-	191,667
Other Income from Local Authority	-	1,200	-	1,200
NQT Induction Funding	-	3,357	-	3,357
Other Grants & Payments – NHS	-	1,200	-	1,200
Teaching and learning grant	-	20,500	-	20,500
DFC ICT income	-	20,500	-	20,500
	-	<u>1,019,564</u>	-	<u>1,019,564</u>
OTHER INCOME				
Catering	157,480	-	-	157,480
Trips and visits	46,604	-	-	46,604
Other payment received from schools	31,960	-	-	31,960
Other	88,066	-	-	88,066
	<u>324,110</u>	-	-	<u>324,110</u>
	<u>324,110</u>	<u>7,816,832</u>	-	<u>8,140,942</u>

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2013 Total £
Hire of facilities	21,143	-	-	21,143
	<u>21,143</u>	<u>-</u>	<u>-</u>	<u>21,143</u>

4 RESOURCES EXPENDED

	Staff costs £	Non-pay expenditure Premises £	Other costs £	Total 2013 £
Academy's educational operations:				
Direct costs	5,780,260	1,140,233	724,230	7,644,723
Allocated support costs	840,552	471,418	578,340	1,890,310
	<u>6,620,812</u>	<u>1,611,651</u>	<u>1,302,570</u>	<u>9,535,033</u>
Governance costs including allocated support costs	-	-	57,211	57,211
	<u>6,620,812</u>	<u>1,611,651</u>	<u>1,359,781</u>	<u>9,592,244</u>
Net incoming resources for the period are stated after charging:				2013 £
Operating leases - plant and machinery				8,586
Fees payable to Baker Tilly UK Audit LLP and its associates for:				
- audit				10,900
- other services				9,241
Depreciation – owned assets				1,140,233
				<u>1,140,233</u>

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

5 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2013 £
DIRECT COSTS				
Teaching and educational support staff costs	2,790	5,777,470	-	5,780,260
Depreciation	-	-	1,140,233	1,140,233
Educational supplies	576	194,705	-	195,281
Examination fees	4,265	143,052	-	147,317
Staff development	-	9,398	-	9,398
Educational consultancy	47,880	-	-	47,880
Other direct costs	124,931	199,423	-	324,354
	<u>180,442</u>	<u>6,324,048</u>	<u>1,140,233</u>	<u>7,644,723</u>
ALLOCATED SUPPORT COSTS				
Support staff costs	2,303	730,100	-	732,403
Recruitment and support	-	13,400	-	13,400
Maintenance of premises and equipment	-	263,023	-	263,023
Cleaning	-	19,493	-	19,493
Rates and water	-	48,866	-	48,866
Heating and light	-	159,529	-	159,529
Insurance	-	103,842	-	103,842
Technology costs	-	153,995	-	153,995
Catering other costs	49,331	83,410	-	132,741
Catering staff costs	108,149	-	-	108,149
Bank interest and charges	139	-	-	139
Other support costs	18,731	38,999	-	57,730
Pension finance cost	-	97,000	-	97,000
	<u>178,653</u>	<u>1,711,657</u>	<u>-</u>	<u>1,890,310</u>
	<u>359,095</u>	<u>8,035,705</u>	<u>1,140,233</u>	<u>9,535,033</u>

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

6	GOVERNANCE COSTS	2013 £
	Legal and professional fees	35,402
	Audit and accountancy	20,141
	Trustee reimbursed expenses	1,668
		57,211

7	STAFF COSTS	2013 £
	Staff costs during the period were:	
	Wages and salaries	5,361,595
	Social security costs	370,111
	Pension costs	741,662
		6,473,368
	Compensation payments	18,750
	Agency staff	128,694
		6,620,812

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

	2013 No
Teachers	77
Administration and support	67
Management	6
	150

The number of employees whose annual pro rata emoluments amounted to over £60,000 is as follows:

	2013 £
£60,001 - £70,000	1
£80,001 - £90,000	1
	2

Both of the employees above participate in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these employees amounted to £22,011.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

8 GOVERNORS' REMUNERATION AND EXPENSES

No governors of the Academy received any remuneration or reimbursement of expenses during the period, except four staff governors, whose total remuneration was as follows:

	Salary and expenses £	Pension £	Total £
Principal	88,504	12,479	100,983
Staff governors	166,809	22,295	189,104
	<u>255,313</u>	<u>34,774</u>	<u>290,087</u>

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

9 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim.

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

10 TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Furniture and equipment £	Total £
Cost:			
Transfer from local authority	18,618,000	9,146	18,627,146
Additions	-	29,002	29,002
	<u>18,618,000</u>	<u>38,148</u>	<u>18,656,148</u>
31 August 2013	18,618,000	38,148	18,656,148
Depreciation:			
Charged in the period	1,132,086	8,147	1,140,233
	<u>1,132,086</u>	<u>8,147</u>	<u>1,140,233</u>
31 August 2013	1,132,086	8,147	1,140,233
Net book value:			
31 August 2013	<u>17,485,914</u>	<u>30,001</u>	<u>17,515,915</u>

Upon conversion to an academy trust, leasehold land and buildings were transferred from the predecessor state maintained school on a depreciated replacement cost basis. The leasehold land and buildings were valued on 31 March 2012 by the EFA at £8,255,000, the valuation was checked by G Tyerman, a RICS registered valuer. This was subsequently inflated by £10,363,000 to reflect the BSF works undertaken on the school site.

In addition to the above, furniture and equipment of £9,146 was transferred from the predecessor state maintained school at the Governors best estimate of its market value.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

11	DEBTORS	2013 £
	Trade debtors	26,832
	Prepayments and accrued income	115,286
	Other debtors	46,281
		188,399
		188,399
12	CREDITORS: Amounts falling due within one year	2013 £
	Trade creditors	92,570
	Other taxation and social security	74,548
	Other creditors	26,889
	Accruals and deferred income	204,869
		398,876
		398,876
13	DEFERRED INCOME	2013 £
	Resources deferred in the period	174,205
	Deferred income at 31 August 2013	174,205
		174,205

Deferred income at 31 August 2013 is in respect of amounts received for which the academy is not yet fully entitled to, including devolved formula capital grant, BAIP funding and transformation funding income received during the period which relates to future periods.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

14 FUNDS

RESTRICTED GENERAL FUNDS	At 1 April 2012 £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	At 31 August 2013 £
General Annual Grant (GAG)	-	6,493,785	(6,637,103)	-	143,318	-
Pension reserve	-	(1,459,000)	(104,000)	(252,000)	-	(1,815,000)
	-	5,034,785	(6,741,103)	(252,000)	143,318	(1,815,000)
Start-up Grant	-	25,000	(25,000)	-	-	-
Pupil Premium Funding	-	240,283	(238,991)	-	-	1,292
GTP Income	-	23,400	(23,400)	-	-	-
SEN Funding	-	483,905	(483,905)	-	-	-
BAIP Funding	-	297,235	(297,235)	-	-	-
EPC Funding	-	191,667	(191,667)	-	-	-
DfE Capital Grant	-	30,972	(30,972)	-	-	-
DFC ICT income	-	20,500	(20,500)	-	-	-
Teaching & learning grant	-	20,500	(20,500)	-	-	-
Other restricted funds	-	20,557	(19,643)	-	-	914
	-	6,388,804	(8,092,916)	(252,000)	143,318	(1,812,794)
RESTRICTED FIXED ASSET FUNDS						
Transfer from local authority on conversion	-	18,627,146	(1,138,603)	-	-	17,488,543
Donations – capital	-	7,670	(1,630)	-	-	6,040
Assets purchased post conversion	-	-	-	-	21,332	21,332
	-	18,634,816	(1,140,233)	-	21,332	17,515,915
TOTAL RESTRICTED FUNDS	-	25,023,620	(9,233,149)	(252,000)	164,650	(15,703,121)
UNRESTRICTED FUNDS						
Unrestricted funds	-	1,016,129	(359,095)	-	(164,650)	492,384
TOTAL FUNDS	-	26,039,749	(9,592,244)	(252,000)	-	16,195,505

Sir Harry Smith Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013 (continued)

14 FUNDS (continued)

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2013. The transfer into the fund of £143,318 represents the overspend on GAG funding in the period, subsidised from unrestricted funds.

The Pension reserve represents the academy's net liability in respect of the Local Government Pension Scheme.

Start-up grant represents income received to cover the start-up costs of the Academy, costs incurred for legal expenses and license changes have been set off against this income.

Pupil Premium must be used to support the cost of providing free school meals to those children entitled to free school meals.

GTP funding represents a salary grant to contribute to the cost of trainee teachers employed at the school. Wage costs of these staff have been offset against this income.

SEN funding represents grants received in order to provide additional teaching resources for children with special learning needs. The cost of these teaching resources has been set against the income.

BAIP represents the delegation of funding to schools to provide an opportunity to make provision tailored to the needs of the students which was previously met by the Local Authority. During the year, the academy has developed its own behaviour support unit on-site in order to diminish the volume of EOTAS students.

EPC funding is received via the EFA as part of the pre 16 high needs block. This funding is provided to run the enhanced provision centre for students from Year 5 through to Year 8 who may have significant learning difficulties. Costs associated with the provision of this support are allocated against this income.

DfE capital grant represents devolved formula capital grant received from the EFA. During the period this grant was spent on costs to maintain the academy buildings.

The ICT devolved formula capital grant is capital funding provided to the school as part of the BSF project, to be used on transformational teaching and learning. The grant was spent on specialist technical equipment to allow teachers to self-reflect on the lessons they have taught through video analysis of their own teaching and that of the student's attitude to learning during the lesson.

The teaching and learning grant provided additional funding to the college as part of the BSF project, to be used on transformational teaching and learning. The grant was spent on providing a personalised career and professional development programme for all teaching staff to continue to raise standards in teaching and learning across the college.

Other restricted income represents lower level grants and donations received for a particular purpose. Any relevant costs have been offset against this income.

Assets transferred from the predecessor school of £18,627,146 represent the leasehold land and buildings and other assets transferred from the predecessor school upon becoming an academy and the subsequent BSF works undertaken. Expenditure during the period of £1,138,603 is in respect of depreciation on these transferred assets.

Capital donations represent income received for the purchase of fixed assets – resources expended allocated there to represent depreciation charged on these assets.

Assets purchased post conversion represents fixed assets purchased by the school following conversion to an Academy Trust, which are not supported by specific grant funding. The transfer of £21,332 into this fund in the year represents the value of such additions.

Sir Harry Smith Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013 (continued)

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	17,515,915	17,515,915
Current assets	891,260	2,206	-	893,466
Current liabilities	(398,876)	-	-	(398,876)
Pension scheme liability	-	(1,815,000)	-	(1,815,000)
	<u>492,384</u>	<u>(1,812,794)</u>	<u>17,515,915</u>	<u>16,195,505</u>

16 FINANCIAL COMMITMENTS

OPERATING LEASES

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

	2013 £
Other:	
Expiring within one year	7,400
Expiring within two and five years inclusive	1,185
	<u>8,585</u>

17 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £
Net income	16,447,505
Cash impact of transfer on conversion	(665,083)
Net assets (excluding cash) transferred on conversion	(17,168,146)
Depreciation (note 10)	1,140,233
Capital grants from DfE and others	(7,670)
Investment income	(3,818)
FRS 17 pension cost less contributions payable (note 20)	7,000
FRS 17 pension finance income (note 20)	97,000
Increase in debtors	(188,399)
Increase in creditors	398,876
	<u>57,498</u>

Sir Harry Smith Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013 (continued)

18 ANALYSIS OF CHANGES IN CASH AND NET FUNDS

	At 1 April 2012 £	Cash flows £	Other changes £	At 31 August 2013 £
Cash in hand and at bank	-	705,067	-	705,067

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 period 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 Trust'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 Cambridgeshire County Council. Both are defined-benefit schemes.

As described in noted 21 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.

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.

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

Teachers' Pension Scheme

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

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. 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, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

Sir Harry Smith Academy Trust

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2013 (continued)

20 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme (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 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 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%.

Employer and employee contribution rates

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.

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.

The pension costs paid to TPS in the year amounted to £505,662.

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

20 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £300,000, of which employer's contributions totalled £229,000 and employees' contributions totalled £71,000. The agreed contribution rates for future years are 13.1% for employers and a variable % for employee's dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £12,900	5.50%
£12,901 - £15,100	5.80%
£15,101 - £19,400	5.80%
£19,401 - £32,400	6.50%
£32,401 - £43,000	6.80%
£43,301 - £81,100	7.20%
Above £81,100	7.50%

Principal and Actuarial Assumptions	31 August 2013 % pa
Pension increase rate	2.80%
Salary increase rate	5.10%
Expected return on assets	5.80%
Discount rate	4.60%

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

	Males	Females
Current pensioners	21.0 years	23.6 years
Future pensioners	22.9 years	25.7 years

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The return on the Fund in market value terms for the period to 31 August 2013 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

20 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The actual return on the scheme assets for the period from to 31 August 2013 was £63,000

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 % pa	Fair value at 31 August 2013 £
Equities	6.60%	402,000
Bonds	4.10%	88,000
Property	4.70%	41,000
Other	3.60%	53,000
TOTAL MARKET VALUE OF ASSETS		<u>584,000</u>
Present value of scheme liabilities		
- Funded		(2,399,000)
DEFICIT IN THE SCHEME		<u><u>(1,815,000)</u></u>

The actual return on scheme assets was 17.2%. The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period.

The actuarial 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 £252,000 loss.

Amounts recognised in the statement of financial activities	2013 £
Analysis of pension costs	
Current service cost	236,000
Total operating charge	<u>236,000</u>
Analysis of pension finance income/(costs)	
Interest on pension liabilities	126,000
Expected return on pension scheme assets	(29,000)
Pension finance costs.	<u>97,000</u>

The estimated value of employer contributions for the period ended 31 August 2014 is £159,000.

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

20 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Movements in the present value of defined benefit obligations were as follows:	2013 £
Transfer of scheme obligations	1,680,000
Current service cost	236,000
Interest cost	126,000
Contributions by scheme participants	71,000
Actuarial losses	286,000
	<hr/>
Scheme liabilities at 31 August 2013	2,399,000

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

Transfer of scheme assets	221,000
Expected return on scheme assets	29,000
Contributions by employer	229,000
Contributions by scheme participants	71,000
Actuarial gains	34,000
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Fair value of scheme assets at 31 August 2013	584,000

The history of experience adjustments is as follows:

	2013 £
Present value of defined benefit obligations	(2,399,000)
Fair value of share of scheme assets	584,000
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Deficit in the scheme	(1,815,000)
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Experience adjustments on share of scheme assets	34,000
Experience adjustments on scheme liabilities	(286,000)
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	(252,000)

Sir Harry Smith Academy Trust
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2013 (continued)

21 **CONVERSION TO AN ACADEMY TRUST**

On 1 April 2012 the predecessor Sir Harry Smith Community College converted to an Academy Trust status under the Academies Act 2010 and all operations and assets and liabilities were transferred to Sir Harry Smith Academy Trust from the Suffolk County Council 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 heads with a corresponding net amount recognised as net income in the Statement of Financial Activities (SOFA) as Voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition of the SOFA.

VOLUNTARY INCOME ANALYSIS:	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets:				
Freehold land and buildings	-	-	18,618,000	18,618,000
Plant and machinery	-	-	9,146	9,146
Furniture and equipment	-	-	-	-
School funds	665,083	-	-	665,083
Pension balance	-	(1,459,000)	-	(1,459,000)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	665,083	(1,459,000)	18,627,146	17,833,229
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 **DELEGATED AUTHORITY**

Two special payments were made in the year totalling £18,130, including one payment of £6,000, and one payment of £12,130.

Sir Harry Smith Academy Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SIR HARRY SMITH ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 18 July 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 Sir Harry Smith Academy Trust during the period 1 April 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Sir Harry Smith Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sir Harry Smith Academy Trust's funding agreement with the Secretary of State for Education dated 11 July 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 period 1 April 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Sir Harry Smith Academy Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SIR HARRY SMITH ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (Continued)

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 April 2012 to 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

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18 December 2013