

**Havelock Academy (A Company Limited by Guarantee)**  
**Annual Report and Consolidated Financial Statements**  
**17 Month Period Ended 31 August 2008**

SATURDAY



\*AEYBH6SC\*

A49

24/01/2009

265

COMPANIES HOUSE

**Registered Number 6182612**  
**Charity Registration Number 1120265**

## **Contents**

	Page
<b>Reports</b>	
Reference and administration information	1
Trustees' report	2
Disclosure of information to auditors	8
Statement of responsibilities of the trustees	9
Independent auditors' report to the trustees of Havelock Academy	10
<b>Financial Statements</b>	
Consolidated statement of financial activities	12
Consolidated income and expenditure account	13
Consolidated statement of total recognised gains and losses	13
Consolidated balance sheet	14
Academy balance sheet	14
Consolidated cash flow statement	15
Notes to the consolidated financial statements	17

# Havelock Academy (A Company Limited by Guarantee)

## Reference and administration information

### Trustees (appointed on 26 March 2007)

David PJ Ross	Sponsor
Richard SG Grigson	
David Overton	
Bill Wood	Chair of the Trustees

### Governing Body

Bill Wood	Chair
Mrs Helen Andrews	
Mrs Anita Bott	
Richard SG Grigson	
Lady Shan Hazlerigg	
Councillor Stephen Hocknell	Local authority governor
Peter Maxworthy	Non-teacher staff governor
Mrs Sue Neull	Parent governor
David Overton	
Nicholas JB O'Sullivan	Principal
Adam Pettitt	
Paul Styles	Teacher governor

### DCSF Observer

Hazel Moore

### Company Secretary

Mark Ibbertson

### Registered Office

Cosalt Building  
Fish Dock Road  
Grimsby  
DN31 3NW

### Principal Office

Havelock Academy  
Holyoake Road  
Grimsby  
DN32 8JL

### Registered Company Number

6182612

### Registered Charity Number

1120265

### Auditors

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds LS1 4DW

### Solicitors

Wilkin Chapman Solicitors  
New Oxford House  
Town Hall Square  
Grimsby DN31 1HE

### Bankers

HSBC Bank plc  
55 Victoria Street  
Grimsby  
DN31 1UX

Bank of Scotland plc  
600 Gorgie Road  
Edinburgh  
EH11 3XP

## **Report of the Trustees 31 August 2008**

The trustees present their report together with the financial statements of the charitable company for the 17 month period ended 2008. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 17 to 20 of this document, and comply with the charitable company's memorandum and articles of association, the Companies Act 1985, and the requirements of the Statements of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005'). The Trustees' annual report and financial statements incorporate the results of Havelock Academy (the "Academy") and its endowment subsidiary the Havelock Academy Endowment Fund ("the Endowment Fund").

## **Structure, Governance and Management**

### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no. 6182612) and a registered charity (registration no. 1120265). The Academy was incorporated on 26 March 2007 and commenced its trading on 1 September 2007. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by David Ross, the main sponsor of the Academy. The articles of association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The Academy has entered into a funding agreement with the Department for Children, Schools and Families, which provides the framework within which the Academy must operate. The Havelock Endowment Fund has been established in accordance with a deed of gift and declaration of trust, agreed between the Academy, the David Ross Foundation, and the Department for Children, Schools and Families.

### **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.

### **Governance**

The Academy is governed by the Trustee board which delegates functions as appropriate to a Local Governing Body who are appointed by the Trustees as a committee. Trustees are directors of the charitable company for the purposes of the Companies Act 1985 and trustees for the purposes of charity legislation. The trustees and governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the school. The trustees are appointed by the Academy sponsor; the trustee board may appoint up to three co-opted trustees, and the Secretary of State for Children, Schools and Families may appoint trustees in exceptional circumstances. No trustees were co-opted nor were appointments made by the Secretary of State in 2007/2008. Trustees may be removed by the person or persons who appointed them.

The trustees and governors who were in office at 31 August 2008 and served throughout the period, are listed on page 1.

During the period under review the governors held 7 meetings, including a full day's facilitated training event covering governors' responsibilities. The trustees met on five occasions. The training and induction provided for new governors will depend on their existing experience. Where necessary induction will provide training on charity, educational, legal, and financial matters. All new governors are given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the individual.

The governors and trustees confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as governors and as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

### **Organisational Structure**

During the period a unified management structure was introduced to help improve the way the Academy is run. The structure now consists of three levels: The Trustees, Governors, and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments.

The Senior Leadership Team members are the Principal, four Executive Directors, and nine Directors. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Principal authorises all orders within the Academy.

### **Subsidiary Entity**

The Academy has a subsidiary entity, the Havelock Academy Endowment Fund (charity registration number 1120265-1). The Fund was created to hold the endowment to be paid by the Academy's sponsor, the David Ross Foundation, and will total £2 million when it is fully paid. Payments are made in accordance with a standard payment schedule agreed with the Department for Children, Schools and Families, with payments phased over a five year period. The first instalment of this endowment was received during 2007/2008. The trustees are responsible for determining the specific uses of Endowment Fund income, a permanent endowment fund, which will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Children, Schools and Families.

### **Risk Management**

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the Academy

faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

### **Statement on the system of internal finance control**

As trustees, we acknowledge we have overall responsibility for ensuring that Havelock Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurances that:

- The Academy is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposition
- The proper records are maintained and financial information used within the Academy or for publication is reliable
- The Academy complies with relevant laws and regulations

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- Regular reviews 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 governors have appointed Helen Andrews, a governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO reports to the governing body at each meeting on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

## **Objectives and Activities**

### **Objects, Aims and Objectives**

The principal object and activity of the charitable company is the operation of the Havelock Academy to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on Mathematics and Technology.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should develop the substance of the national curriculum by implementing the international programmes, MYP, IBD, and IBCC with an emphasis on Mathematics and Technology and their practical applications.

The main objectives of the Academy during the period ended 31 August 2008 are summarised below:

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

### **Strategies and Activities**

The Academy's main strategy is encompassed in its mission statement:

'Broadening Horizons'

where each child learns confidence in community

where each young person takes responsibility

where every academician is treated as an individual

To this end the Academy aims to:

- Pursue academic excellence and to create a culture of high achievement, particularly in mathematics and technology, including ICT, through the development of the International Baccalaureate in all year groups
- Raise educational standards and individual achievement
- Enhance the overall development of young people in the five aspects of the "every child matters agenda" through the development of a House system which provides high levels of support, care, and welfare
- Ensure high quality teaching and support for learning which uses the best possible techniques and approaches
- Develop appropriately personalised pathways through the curriculum which ensure both breadth and balance and the opportunity to develop special skills and talents

- Provide high levels of pastoral care, personal coaching and family support with an emphasis on individual student needs
- Provide structured opportunities for extension and broadening of experience beyond the limits of the local area
- Ensure regular participation and achievement in physical activity and sport
- Be at the forefront of technological advancement, particularly in ICT
- Champion the development of self esteem and self worth in each student leading to high levels of personal enterprise
- Bring about collaborative partnerships for learning with a range of other organisations

### **Human Equalities Policy**

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

### **Disabled Persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making resources available and through training and career development.

### **Achievements and Performance**

2007/2008 was the first academic year of the Academy. The Academy achieved the forecast numbers of students, and total students in the period ended 31 August 2008 numbered 800 out of a capacity in the first five forms of 900. The Academy has an admission limit of 180 students in each year, and in 2007/2008 this limit was met for Form 1.

In 2008, at GCSE, 27% of students achieved five GCSEs at grades A-C including Mathematics and English, (in 2007 this was 24%). Whilst this was good in relation to the Academy target, it is felt that a higher proportion of passes at grade C or better could have been achieved. KS4 standards overall are below national averages but show an improving trend. This reflects low prior attainment and high socio-economic indices of deprivation, but also the recovery of confidence in the new academy community. In 2008 the proportions of students making 2+ levels progress between KS2 and KS4 rose from 56% to 59% in English and from 13% to 18% in mathematics.

### **Financial Review**

#### **Financial report for the period**

Most of the Academy's income is obtained from the DCSF in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DCSF during the period ended 31 August 2008 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DCSF. In accordance with 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 fund.



The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2008, total expenditure of £5,542,412 was more than covered by recurrent grant funding from the DCSF together with other incoming resources. The excess of income over expenditure for the period (including the endowment received) was £1,981,201

At 31 August 2008 the net book value of fixed assets was £340,733 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £269,000, of which £195,000 was inherited from North East Lincolnshire Council on 1 September 2007 when the Academy's staff transferred from the local authority.

The first instalment of the sponsor's endowment of £500,000 was received on time; the payment of £375,000 for 2008/2009 was received in advance of the agreed payments schedule and consequently has been treated as deferred income at 31 August 2008. Remaining payments are expected to be made in accordance with the following payments schedule:

1 September 2009	£375,000
1 September 2010	£375,000
1 September 2011	£375,000

## **Reserves Policy and Financial Position**

### **Reserves Policy**

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The amount of reserves the Academy can hold in the DCSF GAG fund is limited as explained in note 1. The amount of free reserves that can be held is not limited by the DCSF. Trustees will agree a more detailed policy on all reserves during 2008/2009.

### **Investments Policy**

The trustees agree all investments made by the Academy. Investments are currently restricted to deposit accounts in UK banks, and to the Money Market.

### **Financial Position**

The Academy held fund balances at 31 August 2008 of £1,980,201 comprising £1,967,693 of restricted funds, a pension reserve deficit of £269,000, and £282,508 of unrestricted general funds.

### **Payments to Suppliers**

It is the policy of the Academy to agree terms of payment with their suppliers when the order for goods and services is placed and to adhere to these arrangements when making payment.

### **Plans for Future Periods**

The Academy will continue striving to improve the levels of performance of its students at all levels and continue its efforts to ensure its students get jobs or a place in higher education once they leave. The Academy's agreed targets for 2008/2009 are:

- average student attendance for the year of 93%
- 34% of eligible students to attain five or more GCSEs graded A\*-C including mathematics and English

In addition to this, staff have a personal target of 100% attendance.

The Academy's sixth form opened in September 2008, and the sixth form is expected to grow over time, particularly once the International Baccalaureate can be offered to this age range. There are 35 sixth formers in 2008/2009; the Academy's aim is to increase the total number of sixth formers to over 100 in 2009/2010.

The Academy is currently a Candidate School for the Middle Years Programme of the International Baccalaureate and intends to achieve World School status both for the Middle Years and Diploma Programmes.

Architects and builders have been appointed for a new building, to open in January 2011.

### **Disclosure of Information to Auditors**

The trustees who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each trustee has taken all the steps that he ought to have taken as a trustee to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

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

The annual report of the trustees was approved by the board of trustees on 23 January 2009 and was signed on its behalf by

Bill Woods  
Trustee and Chair of Governors



## **STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF HAVELOCK ACADEMY IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial period in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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



1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### **Independent auditors' report to the members of Havelock Academy**

We have audited the group and the Academy financial statements ("the financial statements") of Havelock Academy for the 17 month period ended 31 August 2008 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated and the Academy Balance Sheets, Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 auditors**

The responsibilities of the trustees of the Academy, who are the directors of Havelock Academy for the purposes of company law, for preparing the Trustee's Annual report and financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial period. We also report to you whether, in our opinion, proper accounting records have been kept by the Academy throughout the financial period, grants made by the Department for Education and Skills have been applied for the purposes intended and whether the information given in the Trustee's Annual report is consistent with the financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions is not disclosed.

We read other information contained in the Trustee's Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and Academy's circumstances, consistently applied and adequately disclosed.

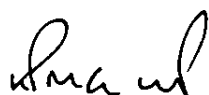
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the Academy's affairs at 31 August 2008, and of the group's incoming resources and application of resources including its income and expenditure in the 17 month period then ended and have been properly prepared in accordance with the Companies Act 1985;
- b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial period;
- c) proper accounting records have been kept by the Academy throughout the financial period;
- d) grants made by the Department for Education and Skills have been applied for the purposes intended; and
- e) the information given in the trustees' report is consistent with the financial statements.

**KPMG LLP**



*Chartered Accountants  
Registered Auditor  
23 January 2009*

**HAVELOCK ACADEMY**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**For the 17 month period ended 31 August 2008**

	Note	Unrestricted Funds £000	Restricted Funds – Non-Fixed Assets £000	Restricted Fixed Asset Funds £000	Havelock Academy Endowment Fund £000	Total 2008 £000
<b>Incoming Resources</b>						
Incoming resources from generated funds:						
Voluntary income	3	148	386	151	500	1,185
Activities for generating funds	4	72	-	-	-	72
Incoming resources from charitable activities:						
Investment income	5	78	-	-	-	78
Funding for the Academy's educational operations	6	-	6,240	224	-	6,464
<b>Total incoming resources</b>		<b>298</b>	<b>6,626</b>	<b>375</b>	<b>500</b>	<b>7,799</b>
<b>Resources expended</b>						
Charitable activities:						
Academy's educational operations	8	-	(5,364)	(162)	-	(5,526)
Governance costs	9	(15)	-	-	-	(15)
Other finance costs	12	-	(1)	-	-	(1)
<b>Total resources expended</b>	7	<b>(15)</b>	<b>(5,365)</b>	<b>(162)</b>	<b>-</b>	<b>(5,542)</b>
<b>Net incoming resources before transfers</b>						
		283	1,261	213	500	2,257
Gross transfers between funds	13	-	(275)	275	-	-
<b>Net incoming resources before other recognised gains and losses</b>		<b>283</b>	<b>986</b>	<b>488</b>	<b>500</b>	<b>2,257</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes						
	25	-	(81)	-	-	(81)
Pension deficit recognised from North East Lincolnshire Council						
	2	-	(195)	-	-	(195)
<b>Net movement in funds</b>		<b>283</b>	<b>710</b>	<b>488</b>	<b>500</b>	<b>1,981</b>
<b>Funds carried forward at 31 August 2008</b>						
		<b>283</b>	<b>710</b>	<b>488</b>	<b>500</b>	<b>1,981</b>

The Academy was incorporated on 26 March 2007. These results are for the trading period from 1 September 2007 to 31 August 2008.

The results are wholly derived from the continuing operations of the Group.

**HAVELOCK ACADEMY**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**For the 17 month period ended 31 August 2008**

	Note	Total £000s
<b>Income</b>		
General Annual Grant (GAG)	6	5,508
DCSF capital grants	6	224
Other DCSF grants	6	554
Other Government grants	6	178
Private sponsorship and donations	3	1,185
Interest	5	78
Other income	4	<u>72</u>
<b>Total income</b>		<u><b>7,799</b></u>
<b>Expenditure</b>		
General Annual Grant (GAG) related expenditure	7	(5,151)
Other DCSF grant expenditure		(35)
Other grant expenditure		(178)
Depreciation	17	(162)
Other expenditure		<u>(16)</u>
<b>Total expenditure</b>		<u><b>(5,542)</b></u>
<b>Excess of income over expenditure</b>		<u><b>2,257</b></u>

The surplus for the period is the surplus on an historical cost basis.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the 17 month period ended 31 August 2008**

		Academy £000s	Endowment £000s	Total £000s
Excess of income over expenditure		1,757	500	2,257
Actuarial losses on defined benefit pension scheme	25	(81)	-	(81)
Pension deficit recognised	2	<u>(195)</u>	<u>-</u>	<u>(195)</u>
<b>Total recognised gains and losses for the period</b>		<u><b>1,481</b></u>	<u><b>500</b></u>	<u><b>1,981</b></u>
<b>Net movement to funds</b>				
Restricted funds – non-fixed assets		710	500	1,210
Restricted funds – fixed assets		488	-	488
Unrestricted funds		<u>283</u>	<u>-</u>	<u>283</u>
		<u><b>1,481</b></u>	<u><b>500</b></u>	<u><b>1,981</b></u>

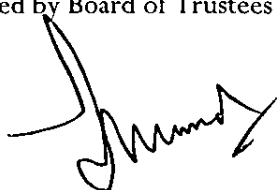
The income and expenditure account and statement of total recognised gains and losses are derived from the statement of financial activities on page 12 which, altogether with the notes to the financial statements on pages 17 to 33 provides full information on the movements during the period on all the funds of the Academy. All of the Academy's activities are derived from continuing operations during the above financial period.

**HAVELOCK ACADEMY**  
**BALANCE SHEETS AT 31 August 2008**

	Note	Academy 2008 £000s	Group 2008 £000s
<b>Fixed assets</b>			
Tangible assets	17	341	341
Investment in subsidiary	18	<u>-</u>	<u>-</u>
		<u>341</u>	<u>341</u>
<b>Current assets</b>			
Debtors	19	53	53
Cash at bank and in hand		<u>1,652</u>	<u>2,527</u>
		<u>1,705</u>	<u>2,580</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	20	<u>(296)</u>	<u>(671)</u>
<b>Net current assets</b>		<u>1,409</u>	<u>1,909</u>
<b>Total assets less current liabilities</b>		<u>1,750</u>	<u>2,250</u>
<b>Net assets excluding defined benefit pension scheme liability</b>		1,750	2,250
Defined benefit pension scheme liability	25	<u>(269)</u>	<u>(269)</u>
<b>Net assets including defined benefit pension scheme liability</b>		<u>1,481</u>	<u>1,981</u>
<b>Funds</b>			
Income funds			
<b>Restricted funds</b>			
Endowment	21	-	500
Restricted fixed asset fund	21	488	488
Restricted non-fixed asset fund – before defined benefit pension scheme liability	21	979	979
Defined benefit pension scheme liability		<u>(269)</u>	<u>(269)</u>
Restricted non-fixed asset fund – after defined benefit pension scheme liability	21	<u>710</u>	<u>710</u>
		<u>1,198</u>	<u>1,698</u>
<b>Unrestricted funds</b>			
Unrestricted fund		<u>283</u>	<u>283</u>
<b>Total unrestricted funds</b>		<u>283</u>	<u>283</u>
		<u>1,481</u>	<u>1,981</u>

The financial statements were approved by Board of Trustees on 23 January 2009 and were signed on its behalf by

Bill Wood  
Trustee and Chair of Governors





**HAVELOCK ACADEMY**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**For the 17 month period ended 31 August 2008**

	<b>TOTAL</b>
	<b>2008</b>
	<b>£000s</b>
<b>Operating activities</b>	
<b>RECEIPTS</b>	
Recurrent grants received from the DCSF	
General Annual Grant (GAG)	5,442
Other grants	544
Other receipts from the DCSF	77
Other receipts from Government	178
Private sponsorship including endowment fund receipts	1,023
Other receipts	<u>72</u>
	<b><u>7,336</u></b>
<b>PAYMENTS</b>	
Staff costs	(3,405)
Other cash payments	<u>(1,379)</u>
	<b><u>(4,784)</u></b>
<b>Net cash inflow from operating activities</b>	<b><u>2,552</u></b>
<b>Returns on investments and servicing of finance</b>	
Interest received	<u>77</u>
	<b><u>77</u></b>
<b>Capital income/(expenditure)</b>	
Capital grants from DCSF	250
Purchase of tangible fixed assets	<u>(352)</u>
	<b><u>(102)</u></b>
<b>Management of liquid resources and financing</b>	
<b>Increase in cash</b>	<b><u>2,527</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>	
Increase in cash	<u>2,527</u>
Change in net funds	2,527
Net funds on incorporation	<u>-</u>
<b>Net funds at 31 August 2008</b>	<b><u>2,527</u></b>

**NOTE TO THE CONSOLIDATED CASHFLOW STATEMENT**  
**For the 17 month period ended 31 August 2008**

1	Analysis of changes in net funds	On incorporation	Cash Flow	At 31 August 2008
		£000s	£000s	£000s
	Cash in hand and at bank	-	1,652	1,652
	Endowment cash at bank	<u>-</u>	<u>875</u>	<u>875</u>
		<u>-</u>	<u>2,527</u>	<u>2,527</u>

## HAVELOCK ACADEMY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 AUGUST 2008

#### Havelock Academy Principal Accounting Policies

##### **Format of financial statements**

The standard format for the financial statements as required by the Companies Act 1985 schedule 4 part I has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and reflects the activities of the Academy.

##### ***Group financial statements***

These financial statements consolidate the results of the Academy and its wholly owned endowment fund subsidiary on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the Academy itself is not presented because the Academy has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

##### **Basis of accounting**

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005.

##### **Incoming resources**

Income represents the amounts (excluding value added tax) derived from grants, sponsorship and donations. The following accounting policies are applied to income:

##### ***Funding for the Academy's educational operations***

The Academy's educational operations are funded by a range of grants, that are included in the statement of financial activities on a receivable basis provided that any conditions attached to the donation of the grant have been fulfilled. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

##### ***Voluntary income:***

##### ***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.

The Academy's sponsor, the David Ross Foundation, is committed to paying a total of £2 million as an endowment for the Academy. This endowment is to be paid over a five year period in accordance with a schedule of payments agreed with the Department for Children, Schools, and Families. Each instalment will be recognised in the accounting period in which that instalment becomes due.

##### ***Donations***

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

##### ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material. Where the actual cost of the donated service or gift in kind can be ascertained, this is used as the value in the accounts. Where values have to be estimated they are calculated using the most appropriate proxy measure.

### ***Activities for generating funds***

The Academy receives income from letting out its swimming pool, sports hall, and sports pitches to private organisations outside school time. This is accounted for on a recoverable basis.

### ***Investment income - interest receivable***

Interest receivable is included within the statement of financial activities on a receivable basis.

### **Resources expended**

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity. All stocks are expensed as perishable.

### ***Allocation of costs and transfers***

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

### ***Governance costs***

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

### **Fund accounting**

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors. Restricted funds comprise grants from the DCSF and other donors which are to be used for specific purposes as explained in note 21.

The Academy also has a subsidiary fund, the Havelock Academy Endowment Fund (charity registration number 1120265-1). The Fund was created to hold the endowment to be paid by the Academy's sponsor, the David Ross Foundation, and will total £2 million when it is fully paid. The trustees are responsible for determining the specific uses of Endowment Fund income, which will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Children, Schools and Families.

### **Tangible fixed assets**

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. 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). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Assets costing less than £1,000 are written off in the period of acquisition. All other assets are capitalised.

The Academy holds land and buildings on a lease from North East Lincolnshire Council, with a rental of one peppercorn a year to be paid. The current lease is for 3 years from 1 September 2007, and the

accounts show a notional rental for the buildings based on building valuations compiled by the Valuation Office Agency. Construction of a new building is to begin during 2008/2009, and on completion during 2010/2011 the academy will enter into a 125 year lease for the entire site. Of the existing building stock, the swimming pool and sports hall will be retained and refurbished, and these buildings which are currently part of the existing 3 year lease will be included in the new 125 year lease. At this point all of the Academy premises will be valued and entered into the balance sheet and depreciated over their estimated useful life.

There are a number of assets transferred from North East Lincolnshire Council on 1 September 2007 that are still used by the academy and are expected to be until the move to the new buildings scheduled for January 2011. These assets are principally school furniture, office equipment and gallery display equipment, the majority of which were old. Assets totalling £135,000 with an estimated value of over £1,000 have been capitalised on 1 September 2007 and will be depreciated over a three year period.

### **Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	2%
Long leasehold property	2%
Plant and machinery	15%
Furniture and equipment	10 - 15%
Computer equipment and software	33%

All individual assets with a cost of more than £1,000 are written down in the period they are purchased. The Academy inherited a number of assets from the predecessor school, for which no payment was made. These have been valued at £135,000 and are to be depreciated over three years commencing in 2007/2008. A notional donation of £135,000 will be written down simultaneously to fund this.

### **Investments**

The Academy has no investments other than in UK bank deposit accounts or on the UK Money Market. The Academy controls the Havelock Academy Endowment Fund.

### **Leased assets**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

The Academy's buildings are currently leased from North East Lincolnshire Council for a three year period on a peppercorn rent. The accounts show a notional rental of £385,880 based on building valuations compiled by the Valuation Office Agency, to reflect the fair value of the buildings, funded by a notional donation of the same amount. Upon completion of the new Academy premises during 2010/2011, the Academy will enter into a lease of 125 years with the Council, and the value of the premises will be reflected in the balance sheet and depreciated over time.

### **Taxation**

The academy is a registered charity and as such is a charity within the meaning of Section 506 (1) Taxes Act 1988; accordingly the academy is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 Taxes Act 1988 or Section 256 Taxation of Capital Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

## **Pensions**

Academy staff are members of one of two defined benefit schemes. More details of the schemes are given in note 25.

### *Defined Benefit Schemes*

#### *Teachers' Pension Scheme*

Full-time and part-time teaching staff employed under a contract of service is eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools, and Families. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the accounting period.

#### *Local Government Pension Scheme*

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date.

Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

## HAVELOCK ACADEMY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 AUGUST 2008

17 month period  
ended 31 August  
2008  
£000s

#### 1 GENERAL ANNUAL GRANT (GAG)

##### Results and Carry Forward for the Period

GAG brought forward from previous period	-
GAG allocation for current period	<u>5,508</u>
<b>Total GAG available to spend</b>	<b><u>5,508</u></b>
Recurrent expenditure from GAG	(4,710)
Fixed assets purchased from GAG	<u>(275)</u>
<b>Total expenditure from GAG</b>	<b><u>(4,985)</u></b>
<b>GAG carried forward to next period</b>	<b>523</b>
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	661
<b>GAG to surrender to DCSF</b>	-
(12% rule breached if result is positive)	No breach

#### 2 ACQUISITION

The Academy inherited the premises and contents of the predecessor school on 1 September 2007. The land and buildings are held on a three year lease from North East Lincolnshire Council, with a rental of one peppercorn a year to be paid. The accounts show a notional rental of £386,000 for the buildings based on building valuations compiled by the Valuation Office Agency. Construction of a new building is to begin during 2008/2009, and on completion during 2010/2011 the academy will enter into a 125 year lease for the entire site. Of the existing building stock, the swimming pool and sports hall will be retained and refurbished, and these buildings which are currently part of the existing 3 year lease will be included in the new 125 year lease. At this point all of the Academy premises will be valued and entered into the balance sheet and depreciated over time.

The contents of the predecessor school were principally school furniture, office equipment and gallery display equipment, the majority of which were old. Assets totalling £135,000 with an estimated value of over £1,000 have been capitalised on 1 September 2007 and will be depreciated over a three year period.

All staff from the predecessor school transferred to the Academy when it opened. A pensions deficit of £195,000 transferred at the same time in respect of the non-teaching staff.

<b>3</b>	<b>VOLUNTARY INCOME</b>	17 month period ended 31 August 2008 £000s
	Private sponsorship	
	Foodvest	30
	LES Engineering Limited	20
	David Ross Sponsored Walk	96
	Cardsave	16
	Miscellaneous donations	2
	Academy premises – gift in kind donation from LEA	386
	Academy fixtures and fittings – gift in kind donation from LEA	135
	Endowment	<u>500</u>
		<u>1,185</u>
<b>4</b>	<b>ACTIVITIES FOR GENERATING FUNDS</b>	17 month period ended 31 August 2008 £000s
	Hire of facilities	54
	Sundry income	<u>18</u>
		<u>72</u>
<b>5</b>	<b>INVESTMENT INCOME</b>	17 month period ended 31 August 2008 £000s
	Bank interest	<u>78</u>
<b>6</b>	<b>FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS</b>	17 month period ended 31 August 2008 £000s
	Department for Children Schools and Families	
	General Annual Grant (GAG)	4,008
	Startup A	820
	Startup B	614
	School Meals	<u>66</u>
	Total GAG	<u>5,508</u>
	ICT special grant - revenue	10
	Standards Fund	<u>544</u>
		<u>6,062</u>
	Other Government grants	
	Funding via LEA	176
	Specialist Schools and Academies Trust	<u>2</u>
		<u>178</u>
	Total funding for the Academy's educational operations – non-fixed assets	<u>6,240</u>
	Capital grants	147
	ICT special grant - capital	<u>77</u>
	Total funding for the Academy's educational operations – fixed assets	<u>224</u>



7	<b>RESOURCES EXPENDED</b>	Staff	Deprec-	Other	<b>Total 2008</b>
	17 month period ended 31 August 2008	costs	iation	costs	<b>£000s</b>
		£000s	£000s	£000s	
	Costs of generating voluntary income				
	Academy's educational operations				
	Direct costs	2,938	-	995	<b>3,933</b>
	Allocated support costs	470	162	961	<b>1,593</b>
	Governance costs including allocated				
	support costs	-	-	15	<b>15</b>
	Other finance costs	<u>-</u>	<u>-</u>	<u>1</u>	<u><b>1</b></u>
	<b>Total resources expended</b>	<b><u>3,408</u></b>	<b><u>162</u></b>	<b><u>1,972</u></b>	<b><u>5,542</u></b>

All support costs in 2007/2008 were judged to be in support of the Academy's educational operations.

8	<b>CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS</b>	17 month period ended
		31 August 2008
		£000s
	<b>DIRECT COSTS</b>	
	Teaching and educational support staff costs	2,938
	Educational supplies	269
	Examination fees	45
	Staff development	41
	Educational consultancy	15
	Other direct costs	<u>625</u>
		<b><u>3,933</u></b>
	<b>ALLOCATED SUPPORT COSTS</b>	
	Support staff costs	470
	Depreciation	162
	Pupil recruitment and support	14
	Maintenance of premises and equipment	154
	Cleaning	9
	Rent and Rates	16
	Heat and light	139
	Insurance	73
	Transport	17
	Catering	110
	Technology costs	129
	Other support costs	<u>300</u>
		<b><u>1,593</u></b>
		<b><u>5,526</u></b>
9	<b>GOVERNANCE COSTS</b>	17 month period ended
		31 August 2008
		£000s
	Audit fees	<u>15</u>

**10 SURPLUS ON ORDINARY ACTIVITIES IS STATED AFTER CHARGING:**

	17 month period ended 31 August 2008 £000s
Auditors remuneration	
- audit fees	15
- non audit services	-
Depreciation and other amounts written off tangible fixed assets - owned	162
Amounts payable under operating leases	18

**11 STAFF COSTS**

The average number of persons (including senior management team) employed by the Academy during the period ended 31 August 2008 expressed as full time equivalents was as follows:

	17 month period ended 31 August 2008 No.
<b>Charitable Activities</b>	
Teachers	52
Administration and support	67
Management	<u>2</u>
	<u>121</u>

	17 month period ended 31 August 2008 £000s
Staff costs comprise:	
Wages and salaries	2,792
Social security costs	218
Other pension costs	<u>398</u>
	<u>3,408</u>

Two employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2008. The total emoluments of these employees were in the following ranges:

	2008 No.
£60,001 - £70,000	1
£120,001 - £130,000	1

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the period ended 31 August 2008, pension contributions for these staff amounted to £27,051.

## 12 OTHER FINANCE COSTS

17 month  
period ended 31  
August 2008  
£000s

Expected return on pension scheme assets (see note 25)

45

Interest on pension scheme liabilities (see note 25)

(46)

(1)

## 13 GROSS TRANSFERS BETWEEN FUNDS

Transfers between funds on the Consolidated Statement of Financial Activities are capital expenditure funded from revenue (transferred to Fixed Asset Funds).

## 14 TRUSTEES' REMUNERATION AND EXPENSES

The trustees of the Academy did not receive any payment from the Academy during the period ended 31 August 2008.

## 15 RELATED PARTY TRANSACTIONS

H Andrews (a governor) is a director of Smart and Cook Limited which the Academy used as a brokerage service to secure insurance cover for 2007/2008. The services were provided to the Academy at an arm's length value following competitive tendering, at a cost of £2,230. There was no outstanding balance for this service at the period end.

B Wood (a trustee and Chair of Governors) was Managing Director of Cosalt, which was used by the Academy to procure jackets for the new school uniform, at a cost of £7,896. There was no outstanding balance for this service at the period end.

## 16 GOVERNORS', TRUSTEES', 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 2008 was £526.

**17 TANGIBLE FIXED ASSETS**

Group and academy	Leasehold Land and buildings £000s	Furniture and equipment £000s	Computer equipment and software £000s	Total £000s
<b>Cost</b>				
On incorporation	-	-	-	-
Assets inherited from LEA	-	135	-	135
Additions	<u>16</u>	<u>16</u>	<u>336</u>	<u>368</u>
At 31 August 2008	<u>16</u>	<u>151</u>	<u>336</u>	<u>503</u>
<b>Accumulated depreciation</b>				
On incorporation	-	-	-	-
Charged in period	<u>-</u>	<u>(50)</u>	<u>(112)</u>	<u>(162)</u>
At 31 August 2008	<u>-</u>	<u>(50)</u>	<u>(112)</u>	<u>(162)</u>
<b>Net book values</b>				
At 31 August 2008	<u>16</u>	<u>101</u>	<u>224</u>	<u>341</u>

The above net book value at 31 August 2008 represents fixed assets used for:

	Leasehold Land and buildings £000s	Furniture and equipment £000s	Computer equipment and software £000s	Total £000s
Educational provision	<u>16</u>	<u>101</u>	<u>224</u>	<u>341</u>

**Source of funding for assets acquired (cumulative to date)**

	2008 £000s
DCSF capital grants	77
General purpose fund (grant income)	275
Donations and inherited assets from North East Lincolnshire Council	<u>151</u>
<b>Cost of fixed assets at 31 August 2008</b>	503
Less: Accumulated depreciation	<u>(162)</u>
<b>Net book value of fixed assets at 31 August 2008</b>	<u>341</u>

## 18 INVESTMENT IN SUBSIDIARY

The Academy administers a subsidiary fund, the Havelock Academy Endowment Fund. This is a permanent endowment that is scheduled to grow to £2 million over a five year period, through a series of donations from the David Ross Foundation. The Endowment is a subsidiary to the Academy and is exempt from a separate statutory audit. The Endowment Income and Expenditure Account, and its balance sheet, are shown below:

### Havelock Academy Endowment Fund Income and Expenditure Account For the 17 month period ended 31 August 2008

	Total £000s
<b>Income</b>	
Donation	<u>500</u>
<b>Total income</b>	<u>500</u>
<b>Expenditure</b>	
<b>Total expenditure</b>	<u>-</u>
<b>Excess of income over expenditure</b>	<u>500</u>

### Havelock Academy Endowment Fund Balance Sheet at 31 August 2008

	2008 £000s
<b>Current assets</b>	
Cash at bank and in hand	<u>875</u>
<b>Current liabilities</b>	
Creditors: Amounts falling due within one year	<u>(375)</u>
<b>Total assets less current liabilities</b>	<u>500</u>
<b>Restricted funds</b>	
Endowment	<u>500</u>

## 19 DEBTORS

	Academy 2008 £000s	Group 2008 £000s
Prepayments	4	4
Sundry debtors	<u>49</u>	<u>49</u>
	<u>53</u>	<u>53</u>

## 20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Academy 2008 £000s	Group 2008 £000s
Taxation and Social Security	92	92
Sundry creditors	190	190
Deferred income	-	375
Accruals	<u>14</u>	<u>14</u>
	<u>296</u>	<u>671</u>

21 **CONSOLIDATED FUNDS**

The income funds of the Academy comprise the following balances to be applied for specific purposes:

	Balance on Incorporation	Incoming resources	Resources Expended	Gains, losses and transfers	Balance at 31 August 2008
	£000s	£000s	£000s	£000s	£000s
<b>Restricted non-fixed asset funds including defined benefit pension liability</b>					
General Annual Grant (GAG)	-	5,508	(4,412)	(275)	821
Standards Fund	-	544	(386)	-	158
ICT Grant	-	10	(10)	-	-
LEA funding	-	176	(176)	-	-
SSAT	-	2	(2)	-	-
Donation for rent of premises	-	386	(386)	-	-
Defined benefit pension liability (see note 2)	(195)	-	7	(81)	(269)
	<u>(195)</u>	<u>6,626</u>	<u>(5,365)</u>	<u>(356)</u>	<u>710</u>
<b>Restricted endowment fund</b>	-	500	-	-	500
<b>Restricted Fixed Asset Funds</b>					
DCSF capital grants	-	224	-	-	224
Capital expenditure from GAG	-	-	(117)	275	158
Donation for transferred assets	-	135	(45)	-	90
Private sector capital sponsorship	-	16	-	-	16
	<u>-</u>	<u>375</u>	<u>(162)</u>	<u>275</u>	<u>488</u>
<b>Unrestricted Funds</b>					
Voluntary income	-	148	-	-	148
Activities for generating funds	-	72	(15)	-	57
Investment income	-	78	-	-	78
	<u>-</u>	<u>298</u>	<u>(15)</u>	<u>-</u>	<u>283</u>

Notes

- (i) 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% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.
- (ii) The Standards Fund must be used to boost standards of attainment within the Academy. Grant can be carried forward to the following August.
- (iii) Capital grants are awarded by the DCSF to refresh ICT provision within the Academy and to fund building improvements.
- (iv) LEA funding relates to funding supplied for pupils with Statements of Special Educational Need, passed on to the Academy from the authority's own funding
- (v) The SSAT (Specialist Schools and Academies Trust) contributed to training costs in 2007/2008

- (vi) The gross transfer from the restricted general fund to the restricted fixed asset fund of £275,000 represents the total capital expenditure from the General Annual Grant (GAG) during the period.
- (vii) Restricted fixed assets were funded by government grants or sponsors. Total asset purchases of £503,000 were depreciated to £341,000 during the period.
- (viii) The restricted endowment fund is the Havelock Academy Endowment Fund. This is a permanent endowment fund. The interest may be transferred to unrestricted funds and will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local community. This income should not be used to meet the normal running costs of the Academy. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Children, Schools and Families. The Academy sponsor is to pay a total of £2,000,000 into the fund. The first instalment of the sponsor's endowment of £500,000 was received on time; the payment of £375,000 for 2008/2009 was received in advance of the agreed payment schedule and consequently has been treated as deferred income at 31 August 2008. Remaining payments are expected to be made in accordance with the following payments schedule:
- |                  |          |
|------------------|----------|
| 1 September 2009 | £375,000 |
| 1 September 2010 | £375,000 |
| 1 September 2011 | £375,000 |
- (ix) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non-fixed asset fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these costs.

## 22 CONSOLIDATED ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2008 are represented by:	Unrestricted Funds £000s	Restricted funds – non-fixed asset £000s	Restricted fixed asset funds £000s	Endowment £000s	Total £000s
Tangible fixed assets	-	-	341	-	341
Investments	-	-	-	-	-
Current assets	283	1,275	147	875	2,580
Current liabilities	-	(296)	-	(375)	(671)
Defined benefit pension scheme liability	<u>-</u>	<u>(269)</u>	<u>-</u>	<u>-</u>	<u>(269)</u>
	<u>283</u>	<u>710</u>	<u>488</u>	<u>500</u>	<u>1,981</u>

## 23 COMMITMENTS

### Group Operating leases

At 31 August 2008 the Academy had annual commitments under non-cancellable operating leases as follows: 2008  
£000s

Operating leases which expire:

Within two to five years 18

The Academy had no capital commitments at the end of the period.

## **24 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Children Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

## **25 PENSION COMMITMENTS**

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

The total pension cost to the Academy during the period ended 31 August 2008 was £398,582 of which £285,322 relates to the TPS, and £113,260 relates to LGPS.

### **Teachers Pension Scheme (TPS)**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the period.

### **THE TEACHERS' PENSION ACCOUNT**

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 Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account will be 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' PENSION SCHEME**

Not less than every four years, with a supporting interim valuation in between, 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.

Contributions are assessed in two parts. First, a standard contribution 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 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 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. 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%. The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been 19.75% plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced – effective for the first time with effect from the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at: [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions)

The pension cost charged in the financial statements for this scheme for the period ended 31 August 2008 was £259,322 which were the contributions due for the period.

### **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 2008 was £340,000 of which employer's contributions totalled £227,000 and employees' contributions totalled £113,000. The agreed contribution rates for the period ended 31 August 2008 were 20.8% for employers and 6% for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2008, updated to 31 August 2008 by a qualified independent actuary.

The major assumptions used by the actuary were:

	<b>At 31 August 2008</b>
Rate of increase in salaries	5.5%
Rate of increase in pensions	4.0%
Discount rate for liabilities	6.4%
Expected return on assets	7.1%

The breakdown of the expected return on assets by category is:

	<b>At 31 August 2008</b>
Equities	7.5%
Bonds	5.5%
Property	5.5%
Cash	4.6%

Mortality – future life expectancies at age 65

	<b>Males</b>	<b>Females</b>
Current pensioners	21.5 years	24.4 years
Future pensioners	22.6 years	25.5 years

Balance sheet disclosures as at 31 August 2008:

Fair value of employer assets

	<b>At 31 August 2008</b>
	<b>£000</b>
Equities	531
Bonds	60
Property	35
Cash	<u>35</u>
Total	<u>661</u>

Balance Sheet

	<b>At 31 August 2008</b>
	<b>£000</b>
Fair Value of Employer Assets	661
Present value of Funded Obligations	<u>(930)</u>
Net Liability	<u>(269)</u>
Amount in the Balance Sheet	
Liabilities	269
Assets	<u>-</u>
Net Liability	<u>(269)</u>

Revenue account costs for the period to 31 August 2008	<b>£000</b>
Current Service Cost	107
Interest cost	46
Expected return on employer assets	(45)
Past service cost	<u>17</u>
Total	<u>125</u>

Reconciliation of defined benefit obligation	<b>£000</b>
Opening defined benefit obligation	719
Current service cost	107
Interest cost	46
Contributions by members	38
Actuarial losses	3
Past services costs	<u>17</u>
Closing defined benefit obligation	<u>930</u>

Reconciliation of fair value of employer assets	<b>£000</b>
Opening fair value of employer assets	524
Expected return on assets	45
Contributions by members	38
Contributions by the employer	132
Actuarial losses	<u>(78)</u>
Closing fair value of employer assets	<u>661</u>

Amounts for the current accounting periods	<b>£000</b>
Fair value of employer assets	661
Expected return on assets	<u>(930)</u>
Deficit	<u>(269)</u>

Explained as:	
Inherited liability from North East Lincolnshire Council (note 2)	(195)
Experience losses on assets	(1)
Experience gains on liabilities	8
Actuarial losses	<u>(81)</u>
Deficit	<u>(269)</u>

## 26 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.