
HILLYFIELD PRIMARY ACADEMY

(A company limited by guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

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HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

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The following pages do not form part of the statutory financial statements

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2012**

Governors

Roger Pryce *, Chair
Glenda Hardy *, Vice-chair
Andrew Jacobs *
Steve Lancashire, Head Teacher and Executive Head Teacher
Rohan Robinson
Robert Markham
Richard Thomas
Becky Mackenzie-Young
Danielle King (resigned 19 July 2012)
Rev Anna Dollery
Shane Tewes, Head of School
Ernestine Payne
David Gribble
Sarah Rees (appointed 19 July 2012)

* Denotes director of the charitable company for the purposes of company law

Company registered number

07470621

Registered office

101 Higham Hill Road, Walthamstow, London, E17 6ED

Company secretary

Heike King

Chief executive officer

Steve Lancashire

Auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Royal Bank of Scotland, 747 Attercliffe Road, Sheffield, S9 3RF

Director of Finance and Administration

Heike King

Clerk to Governors

Janet Silvera

HILLYFIELD PRIMARY ACADEMY
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2012

The Governors (some of whom are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Hillyfield Primary Academy (the academy) for the ended 31 August 2012. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 18 November 2010.

The academy is constituted under a Memorandum of Association dated 18 November 2010.

The principal activity of the academy is to advance, for the public benefit, education in Higham Hill and the surrounding area by maintaining and operating Hillyfield Primary Academy in Higham Hill, East London.

b. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association as follows:

- The Head Teacher
- Up to 4 parent governors
- Up to 5 community governors
- Up to 3 staff governors appointed by the members, provided that the maximum number of staff governors does not exceed one third of the total number of governors
- Any governors appointed by the Secretary of State for Education
- Up to 3 co-opted governors

The term of office for any governor is 4 years. The Head Teacher's term of office runs parallel with his term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

c. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

During the period under review, the governors held 6 full governing body meetings. In addition, there were regular meetings covering finance, curriculum, premises and personnel. The training and induction provided for new governors will depend on their experience. Where necessary, an induction will provide training on charity and 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 of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

d. ORGANISATIONAL STRUCTURE

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head Teacher is

HILLYFIELD PRIMARY ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

directly responsible for the day to day running of the academy and is assisted by a senior leadership team. Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

e. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The academy is the founding member of the REAch2 Academy Trust which is a separate Trust where Hillyfield Academy is the only member. The Trust undertakes educational support activities. The academy is part of a soft federation with Mission Grove Primary School and both organisations are led by the Executive Headteacher. The academy is part of the Waltham Forest Teaching School Alliance.

f. 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 school 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 statement on internal control.

g. GOVERNORS' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the academy is the operation of Hillyfield Primary Academy to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academy, the catchment area from which the pupils are drawn, and that the curriculum should be broad and appropriately balanced.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The academy has undertaken self evaluation activities to correctly identify objectives for the next year. These objectives are to develop more effective relationships between all stakeholders to positively impact on the ethos of the academy and behaviour of pupils within the academy. The academy seeks to develop its approach to

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

creativity & engagement so that this positively impacts on the quality of teaching and learning in the school. The academy will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

The main activities the academy will undertake will be developing a new teaching and learning policy and implementing this effectively. The academy will review and develop its curriculum provision to enhance creativity and engagement. The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.

d. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Achievements and performance

a. GOING CONCERN

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

b. REVIEW OF ACTIVITIES

The activities will be reviewed as part of the academy's annual self evaluation activities as well as commissioned external audits. Results of the evaluation will be reported to parents and governors of the academy.

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for 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 asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market

HILLYFIELD PRIMARY ACADEMY
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

investment values start to recover

b. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

c. RESERVES POLICY

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review.

Plans for the future

a FUTURE DEVELOPMENTS

The academy has been given permission by the Secretary of State to expand its provision and become a six form entry school. Future developments are about developing this provision. This includes acquisition of a new site and development of a new staffing structure to meet the needs of the expanded school.

MEMBERS' LIABILITY

The Members of the academy guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

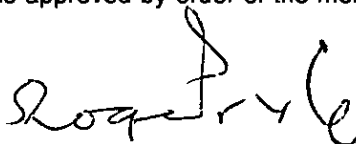
PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that

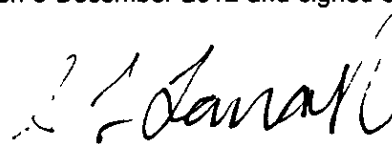
- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the members of the governing body on 5 December 2012 and signed on its behalf by

Roger Pryce
Chair



Steve Lancashire
Head Teacher



HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The governing body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Roger Pryce *, Chair	6	6
Glenda Hardy *, Vice-chair	6	6
Andrew Jacobs *	3	6
Steve Lancashire, Head Teacher and Executive Head Teacher	5	6
Rohan Robinson	6	6
Robert Markham	6	6
Richard Thomas	6	6
Becky Mackenzie-Young	5	6
Danielle King	1	5
Rev Anna Dollery	6	6
Shane Tewes, Head of School	6	6
Ernestine Payne	6	6
David Gribble	5	6
Sarah Rees	1	1

The **Resources Committee** is a sub-committee of the main governing body. Its purpose is to monitor the finances of the academy and to ensure that resources are used to the purposes intended.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Robert Markham	4	5
Richard Thomas	2	5
Shane Tewes	3	5
Steve Lancashire	4	5
Roger Pryce	3	5
Rev Anna Dollery	2	5
Ernestine Payne	1	5
Graham Wise (Responsible officer)	1	5

HILLYFIELD PRIMARY ACADEMY
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hillyfield Primary Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Resources 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 (as set purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Graham Wise 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. On an annual basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

REVIEW OF EFFECTIVENESS

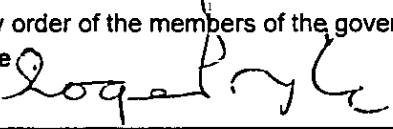
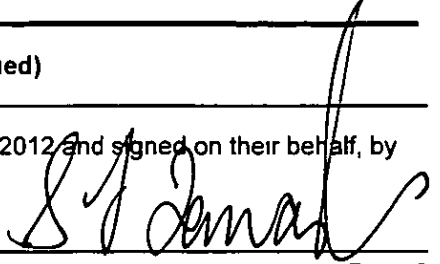
As Accounting officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the governing body on 5 December 2012 and signed on their behalf, by
Roger Pryce  **Steve Lancashire** 
Chair **Head Teacher**

HILLYFIELD PRIMARY ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

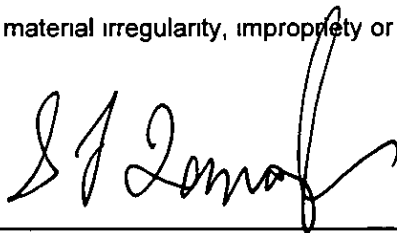
As Accounting officer of Hillyfield Primary Academy I have considered my responsibility to notify the academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook.

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

Steve Lancashire
Accounting officer

Date 5 December 2012



HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

The Governors (who act as trustees for charitable activities of Hillyfield Primary Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

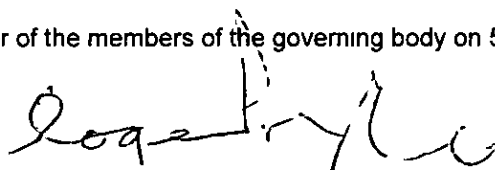
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 Governors 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.

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

Approved by order of the members of the governing body on 5 December 2012 and signed on its behalf by

Roger Pryce
Chair



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HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILLYFIELD PRIMARY ACADEMY

We have audited the financial statements of Hillyfield Primary Academy for the year ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

HILLYFIELD PRIMARY ACADEMY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILLYFIELD PRIMARY ACADEMY

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

M B Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
5 December 2012

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO HILLYFIELD PRIMARY
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 28 November 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hillyfield Primary Academy during the year 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Hillyfield Primary Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hillyfield Primary Academy 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 Hillyfield Primary Academy and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF HILLYFIELD PRIMARY ACADEMY'S ACCOUNTING OFFICER AND
THE AUDITORS**

The Accounting officer is responsible, under the requirements of Hillyfield Primary Academy's funding agreement with the Secretary of State for Education dated 10 January 2011, and the Academies Financial Handbook as published by DfE in 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 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

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**INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO HILLYFIELD PRIMARY
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

5 December 2012

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	5,671	20,200	-	25,871	9,420,550
Activities for generating funds	4	7,210	498,206	-	505,416	287,590
Investment income	5	2,842	-	-	2,842	545
Incoming resources from charitable activities	6	-	4,106,220	11,780	4,118,000	2,725,685
TOTAL INCOMING RESOURCES		15,723	4,624,626	11,780	4,652,129	12,434,370
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income	7	11,742	-	-	11,742	5,927
Charitable activities	13	-	3,943,782	96,540	4,040,322	2,646,015
Governance costs	9	-	36,449	-	36,449	39,150
TOTAL RESOURCES EXPENDED	12	11,742	3,980,231	96,540	4,088,513	2,691,092
NET INCOMING RESOURCES BEFORE TRANSFERS		3,981	644,395	(84,760)	563,616	9,743,278

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
Transfers between Funds	22	-	73,589	(73,589)	-	-
NET INCOME FOR THE YEAR		3,981	717,984	(158,349)	563,616	9,743,278
Actuarial gains and losses on defined benefit pension schemes		-	(87,000)	-	(87,000)	21,000
NET MOVEMENT IN FUNDS FOR THE YEAR		3,981	630,984	(158,349)	476,616	9,764,278
<i>Total funds at 1 September 2011</i>		<i>409,164</i>	<i>(358,195)</i>	<i>9,713,309</i>	<i>9,764,278</i>	<i>-</i>
TOTAL FUNDS AT 31 AUGUST 2012		413,145	272,789	9,554,960	10,240,894	9,764,278

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 19 to 37 form part of these financial statements

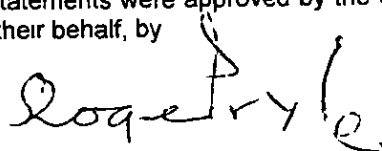
HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER 07470621

BALANCE SHEET
AS AT 31 AUGUST 2012

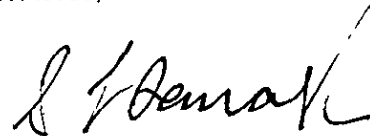
	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	19		9,554,960		9,639,500
CURRENT ASSETS					
Debtors	20	181,889		828,239	
Cash at bank and in hand		1,964,894		517,156	
		<u>2,146,783</u>		<u>1,345,395</u>	
CREDITORS , amounts falling due within one year	21	(692,849)		(551,617)	
NET CURRENT ASSETS			<u>1,453,934</u>		<u>793,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,008,894</u>		<u>10,433,278</u>
Defined benefit pension scheme liability	27		<u>(768,000)</u>		<u>(669,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>10,240,894</u></u>		<u><u>9,764,278</u></u>
FUNDS OF THE ACADEMY					
Restricted funds					
Restricted funds	22	1,040,789		310,805	
Restricted fixed asset funds	22	9,554,960		9,713,309	
		<u>10,595,749</u>		<u>10,024,114</u>	
Restricted funds excluding pension liability				(669,000)	
Pension reserve		<u>(768,000)</u>			
Total restricted funds			<u>9,827,749</u>		<u>9,355,114</u>
Unrestrict'd funds	22		<u>413,145</u>		<u>409,164</u>
TOTAL FUNDS			<u><u>10,240,894</u></u>		<u><u>9,764,278</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 5 December 2012 and are signed on their behalf, by

Roger Pryce
Chair



Steve Lancashire
Head Teacher



The notes on pages 19 to 37 form part of these financial statements

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	24	1,445,116	135,773
Returns on investments and servicing of finance	25	2,842	545
Capital expenditure and financial investment	25	(220)	(2,387)
Cash transferred on conversion to an academy trust		-	383,225
INCREASE IN CASH IN THE YEAR		1,447,738	517,156

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2012

	2012 £	2011 £
Increase in cash in the year	1,447,738	517,156
MOVEMENT IN NET FUNDS IN THE YEAR	1,447,738	517,156
Net funds at 1 September 2011	517,156	-
NET FUNDS AT 31 AUGUST 2012	1,964,894	517,156

The notes on pages 19 to 37 form part of these financial statements

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.5 Resources expended

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

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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 are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

The policy with respect to impairment reviews of fixed assets is to carry out a review of a fixed asset if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold buildings	-	125 years
Improvements to leasehold premises	-	20 years
Fixtures and fittings	-	5 years
Computer equipment	-	2 years

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

2. GENERAL ANNUAL GRANT (GAG)

	2012 £	2011 £
Result and Carry Forward for the Year		
GAG Allocation for current year	3,045,059	2,142,225
Total GAG Available to spend	3,045,059	2,142,225
Recurrent expenditure from GAG	(3,033,059)	(2,128,514)
Fixed assets purchased from GAG	(12,000)	(13,711)
GAG Carried forward to next year	-	-
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(365,407)	(257,067)
GAG to surrender to DfE	(365,407)	(257,067)
(12% rule breached if result is positive)	No breach	No breach

3. VOLUNTARY INCOME

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Donations	5,671	20,200	25,871	25,340
Assets transferred from predecessor school	-	-	-	9,395,210
Voluntary income	5,671	20,200	25,871	9,420,550

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Insurance claims	-	-	-	6,163
Catering income	-	84,318	84,318	48,636
Music services income	7,210	-	7,210	26,181
Staff consultancy	-	266,622	266,622	124,123
Facilities & services	-	147,266	147,266	82,487
	7,210	498,206	505,416	287,590

HILLYFIELD PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

5. INVESTMENT INCOME

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Investment income	2,842	-	2,842	545

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Educational operations	-	4,118,000	4,118,000	2,725,685

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
DfE/EFA revenue grant				
GAG	-	3,045,059	3,045,059	2,142,225
Other YPLA/EFA grants	-	766,329	766,329	332,331
Other government grants	-	306,612	306,612	251,129
	-	4,118,000	4,118,000	2,725,685

7. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
School trip expenditure	11,742	-	11,742	5,927

HILLYFIELD PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

**8. EXPENDITURE BY CHARITABLE ACTIVITY
SUMMARY BY FUND TYPE**

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Educational operations	-	4,040,322	4,040,322	2,646,015

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
Educational operations	2,572,495	96,540	1,371,287	4,040,322	2,646,015

9 GOVERNANCE COSTS

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Total funds 2012 £	Total funds 2011 £
Governance Auditors' remuneration	-	3,900	3,900	3,900
Governance Auditors' non audit costs	-	300	300	300
Governance support costs	-	19,439	19,439	4,554
Legal and professional	-	12,810	12,810	30,396
	-	36,449	36,449	39,150

10. DIRECT COSTS

	Educational operations £	Total 2012 £	Total 2011 £
Educational supplies	149,208	149,208	63,705
Staff development	27,520	27,520	51,586
Educational consultancy	112,572	112,572	64,670
Other direct costs	29,541	29,541	14,282
Agency supply teaching	47,280	47,280	50,034
Wages and salaries	2,019,180	2,019,180	1,328,419
National insurance	143,938	143,938	94,697
Pension cost	214,861	214,861	141,357
Depreciation	96,540	96,540	76,196
	2,840,640	2,840,640	1,884,946

HILLYFIELD PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

11. SUPPORT COSTS

	Educational operations £	Total 2012 £	Total 2011 £
Pension income (Note 18)	35,000	35,000	-
Recruitment and support	17,192	17,192	8,985
Maintenance of premises and equipment	703,231	703,231	461,727
Rent and rates	22,840	22,840	11,302
Insurance	21,437	21,437	12,799
Other support costs	95,513	95,513	73,166
Catering expenditure	109,953	109,953	52,668
Wages and salaries	186,691	186,691	118,368
National insurance	2,543	2,543	3,796
Pension cost	5,282	5,282	18,258
	<u>1,199,682</u>	<u>1,199,682</u>	<u>761,069</u>

12. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £	Total 2011 £
Costs of generating voluntary income	-	-	11,742	11,742	5,927
Costs of generating funds	-	-	11,742	11,742	5,927
Educational operations	2,572,495	96,540	1,371,287	4,040,322	2,646,015
Governance	-	-	36,449	36,449	39,150
	<u>2,572,495</u>	<u>96,540</u>	<u>1,419,478</u>	<u>4,088,513</u>	<u>2,691,092</u>

13. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £	Total 2011 £
Educational operations	<u>2,840,640</u>	<u>1,199,682</u>	<u>4,040,322</u>	<u>2,646,015</u>

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

14. NET INCOMING RESOURCES

This is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the charity	96,540	76,196
Auditors' remuneration	3,900	3,900
Auditors' remuneration - non-audit	300	300
Governance Internal audit costs	-	-
	=====	=====

During the year, no Governors received any benefits in kind (2011 - £NIL)

HILLYFIELD PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

15. STAFF COSTS

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	2,205,871	1,446,787
Social security costs	146,481	98,493
Other pension costs (Note 27)	220,143	159,615
	<u>2,572,495</u>	<u>1,704,895</u>
Supply teacher costs	47,280	50,034
	<u>2,619,775</u>	<u>1,754,929</u>

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

	2012 No.	2011 No
Teachers	32	33
Administration and support	60	65
Management	5	2
	<u>97</u>	<u>100</u>

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

	2012 No.	2011 No
In the band £60,001 - £70,000	1	0
In the band £80,001 - £90,000	1	0
In the band £100,001 - £200,000	1	1
	<u>3</u>	<u>1</u>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff members amounted to £32,100

16. GOVERNORS' REMUNERATION

During the year retirement benefits were accruing to 4 Governors (2011 - 2) in respect of defined benefit pension schemes

HILLYFIELD PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

The Head Teacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors.

17. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2012 was £2,000 (2011 - £1,333).

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

18. OTHER FINANCE INCOME

	2012 £	2011 £
Expected return on pension scheme assets	8,000	-
Interest on pension scheme liabilities	(43,000)	-
	<u>(35,000)</u>	<u>-</u>

19. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Improvement s to Leasehold Property £	Computer equipment £	Total £
Cost				
At 1 September 2011	9,551,707	132,129	31,860	9,715,696
Additions	-	12,000	-	12,000
At 31 August 2012	<u>9,551,707</u>	<u>144,129</u>	<u>31,860</u>	<u>9,727,696</u>
Depreciation				
At 1 September 2011	50,940	6,917	18,339	76,196
Charge for the year	76,413	6,606	13,521	96,540
At 31 August 2012	<u>127,353</u>	<u>13,523</u>	<u>31,860</u>	<u>172,736</u>
Net book value				
At 31 August 2012	<u>9,424,354</u>	<u>130,606</u>	<u>-</u>	<u>9,554,960</u>
At 31 August 2011	<u>9,500,767</u>	<u>125,212</u>	<u>13,521</u>	<u>9,639,500</u>

HILLYFIELD PRIMARY ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

20. DEBTORS

	2012 £	2011 £
Trade debtors	97,175	-
Predecessor school	-	269,183
HMRC - VAT	74,714	22,689
YPLA/EFA	-	379,198
Other debtors	10,000	147,147
Prepayments and accrued income	-	10,022
	<u>181,889</u>	<u>828,239</u>

21 CREDITORS.
Amounts falling due within one year

	2012 £	2011 £
Trade creditors	355,041	50,684
Social security and other taxes	84,469	51,342
Other creditors	248,839	430,977
Accruals and deferred income	4,500	18,614
	<u>692,849</u>	<u>551,617</u>

22 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	409,164	15,723	(11,742)	-	-	413,145
Restricted funds						
Restricted Funds - all funds	310,805	4,624,626	(3,968,231)	73,589	-	1,040,789
Pension reserve	(669,000)	-	(12,000)	-	(87,000)	(768,000)
	<u>(358,195)</u>	<u>4,624,626</u>	<u>(3,980,231)</u>	<u>73,589</u>	<u>(87,000)</u>	<u>272,789</u>

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

22. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	9,713,309	11,780	(96,540)	(73,589)	-	9,554,960
Total restricted funds	9,355,114	4,636,406	(4,076,771)	-	(87,000)	9,827,749
Total of funds	9,764,278	4,652,129	(4,088,513)	-	(87,000)	10,240,894

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	409,164	15,723	(11,742)	-	-	413,145
Restricted funds	(358,195)	4,624,626	(3,980,231)	73,589	(87,000)	272,789
Restricted fixed asset funds	9,713,309	11,780	(96,540)	(73,589)	-	9,554,960
	9,764,278	4,652,129	(4,088,513)	-	(87,000)	10,240,894

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestrict'd funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £	Total funds 2011 £
Tangible fixed assets	-	-	9,554,960	9,554,960	9,639,500
Current assets	413,145	1,733,637	-	2,146,782	1,345,395
Creditors due within one year	-	(692,848)	-	(692,848)	(551,617)
Provisions for liabilities and charges	-	(768,000)	-	(768,000)	(669,000)
	413,145	272,789	9,554,960	10,240,894	9,764,278

HILLYFIELD PRIMARY ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net incoming resources before revaluations	563,616	9,743,278
Returns on investments and servicing of finance	(2,842)	(545)
Assets transferred from predecessor school	-	(9,395,210)
Depreciation of tangible fixed assets	96,540	76,196
Capital grants from DfE	(11,780)	(11,324)
Decrease/(increase) in debtors	646,350	(828,239)
Increase in creditors	141,232	551,617
FRS 17 adjustments	12,000	-
Net cash inflow from operations	1,445,116	135,773

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	2,842	545
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(12,000)	(13,711)
Capital grants from DfE	11,780	11,324
Net cash outflow capital expenditure	(220)	(2,387)

26. ANALYSIS OF CHANGES IN NET DEBT

	1 September 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	517,156	1,447,738	-	1,964,894
Net funds	517,156	1,447,738	-	1,964,894

27. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Waltham Forest Pension Fund

HILLYFIELD PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

Both are defined benefit schemes

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

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

Teachers' Pension Scheme

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

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

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

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

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 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%

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

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27. PENSION COMMITMENTS (continued)

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

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £110,000, of which employer's contributions totalled £86,000. The agreed contribution rate for future years is 17.5% for employers.

The amounts recognised in the Balance sheet are as follows:

	2012 £	2011 £
Present value of funded obligations	(974,000)	(750,000)
Fair value of scheme assets	206,000	81,000
Net liability	(768,000)	(669,000)

The amounts recognised in the Statement of financial activities are as follows:

	2012 £	2011 £
Current service cost	(63,000)	-
Interest on obligation	(43,000)	-
Expected return on scheme assets	8,000	-
Total	(98,000)	-
Actual return on scheme assets	14,000	(2,000)

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27. PENSION COMMITMENTS (continued)

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

	2012 £	2011 £
Opening defined benefit obligation	750,000	690,000
Current service cost	63,000	-
Interest cost	43,000	-
Contributions by scheme participants	24,000	18,000
Actuarial Losses/(gains)	94,000	(21,000)
Interest cost	-	12,000
Current service cost	-	51,000
	<u>974,000</u>	<u>750,000</u>
Closing defined benefit obligation	<u>974,000</u>	<u>750,000</u>

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

	2012 £	2011 £
Opening fair value of scheme assets	81,000	-
Expected return on assets	8,000	-
Actuarial gains and (losses)	7,000	-
Expected return on assets	-	2,000
Contributions by employer	86,000	-
Contributions by employees	24,000	18,000
Employer contributions	-	61,000
	<u>206,000</u>	<u>81,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £66,000(2011 gain - £21,000)

The academy expects to contribute £74,000 to its Defined benefit pension scheme in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
Equities	78.00 %	77.70 %
Bonds	14.20 %	13.60 %
Property	5.00 %	6.20 %
Cash	2.80 %	2.50 %
Other	- %	- %

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FOR THE YEAR ENDED 31 AUGUST 2012**

27. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2012	2011
Discount rate for scheme liabilities	4.50 %	5.30 %
Expected return on scheme assets at 31 August	5.84 %	(5.38) %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Proportion of employees opting for early retirement	50.00 %	50.00 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2012	2011
Retiring today		
Males	23.5	21.3
Females	26.4	24.1
Retiring in 20 years		
Males	21.7	22.7
Females	24.5	25.6

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2012 £	2011 £	2010 £	2009 £	2008 £
Defined benefit obligation	(974,000)	(750,000)	-	-	-
Scheme assets	206,000	81,000	-	-	-
Deficit	(768,000)	(669,000)	-	-	-
Experience adjustments on scheme liabilities	(94,000)	21,000	-	-	-
Experience adjustments on scheme assets	7,000	-	-	-	-

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28. OPERATING LEASE COMMITMENTS

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
Expiry date				
Within 1 year	-	-	3,697	-
Between 2 and 5 years	-	-	21,395	25,092
