

**SUMMERCROFT PRIMARY SCHOOL**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2013**

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**SUMMERCROFT PRIMARY SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**Governors**

Mr M Smith, Headteacher<sup>1</sup>  
Mrs J Cutler, Chair Of Governors<sup>1</sup>  
Mr T Winstanley, Vice Chair Of Governors<sup>1</sup>  
Mrs K Buffham, LEA Governor  
Mrs A Burns, Staff Governor  
Mrs J Gapper, Staff Governor  
Mrs C Hintridge, Staff Governor  
Mrs J Malik, Staff Governor (resigned 31 August 2013)  
Mrs E Bailey, Parent Governor<sup>1</sup>  
Mr K Goodeve, Parent Governor<sup>1</sup>  
Mrs C Millan-Trusty, Parent Governor (resigned 31 August 2013)  
Ms M Weir, Parent Governor<sup>1</sup>  
Mr M Wells, Parent Governor (resigned 31 August 2013)  
Mrs Janice Wray, Community (appointed 1 October 2012)

<sup>1</sup> Member of Finance and Resources Committee

**Company registered number** 07715667

**Principal and registered office** Plaw Hatch Close  
Bishop's Stortford  
Hertfordshire  
CM23 5BJ

**Company secretary** Mrs R Smith

**Chief executive officer** Mr M Smith

**Independent auditors** Price Bailey LLP  
Chartered Accountants  
Statutory Auditors  
Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

**Bankers** NatWest  
7 North Street  
Bishop's Stortford  
Hertfordshire  
CM23 2JT

**SUMMERCROFT PRIMARY SCHOOL**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy is a Charitable Company limited by guarantee and was set up by a Memorandum of Association on 22 July 2011. The School converted to Academy status on 3 September 2011.

**Member's liability**

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

**Governors' Indemnities**

Academy insurers encompass all relevant insurance including Governor third party indemnity provision.

**Methods, policies and procedures for recruitment, appointment, induction and training of new governors**

Governors are appointed for a fixed term. The Head teacher is a member of the governing body. Parent governors and the staff governors are elected to office or appointed if there are insufficient candidates offering themselves for election.

New governors are required to attend a training programme. The induction programme would involve a tour of the school, meetings with pupils and staff and provision of policy and procedures documents that are appropriate to the role they undertake as governors with particular emphasis on the committee work that they will undertake. An external provider is used for induction training.

**Organisational Structure**

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, capital expenditure and senior staff appointments. The Leadership Team consists of:

- Headteacher - Mr. Michael Smith
- Deputy Headteacher - Mrs. Carole Hinstridge
- SENCO - Mrs. Helen Smith
- 4 Senior teachers - Miss Amanda Wood, Mrs. Elizabeth Cruxon, Mrs. Jill Gapper and Mrs. Clare Bugg

The team control the Academy at an executive level implementing policies and reporting to the Governing Body. The Leadership Team is responsible for the day to day operation of the Academy, in particular organising staff, resources and children. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment process. The Principal is the Accounting Officer.

**Related Parties**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

As set out in the Articles of Association, the Academy's object is to advance for the public benefit education in the United Kingdom.

- to establish high quality teaching, learning and assessment;
- to provide a full and diverse curriculum and other activities;
- to provide an environment where every child and every member of staff matters;
- the provision of community facilities.

The Governors confirm they have referred to the guidance contained in the Charity Commission's guidance on public benefit.

The aim of the school is to provide education for children aged from 3 - 11. We aim for all children to achieve their potential through care, challenge and creativity.

These are to establish high quality; teaching, learning and assessment; curriculum provision and other activities; care, guidance and support of pupils; leadership and management.

In addition, the school seeks to ensure high levels of pupil achievement and standards; personal development and well-being of pupils; effectiveness, efficiency and inclusiveness.

**ACHIEVEMENTS AND PERFORMANCE**

**Achievements and performance**

We have enjoyed another exciting year of learning at Summerville Primary. The school became an Academy School in September 2011. This allows us greater freedoms over our budget and also the curriculum we deliver to our children.

We have continued to make music and sport high profile at the school, with lots of time during and out of the school day spent enjoying learning through these activities. Our choir sang with other school choirs at the O2 Arena in January - a wonderful occasion. Sports teams have had success this year in football, netball, cross country, golf, tennis, gymnastics and tag rugby. In July our year 6 leavers, joined by year 5 pupils presented the musical 'Smike' at the Rhodes Centre.

Our curriculum is designed around a skills based learning programme called The Creative Learning Journey. Learning begins with a wow starter to enthuse the children and then a special concluding project. Offsite visits and visitors into school form a key part of this work.

Residential trips have taken place for Year 4 to Burwell House in Cambridgeshire, Year 5 to Lincolnsfield in Bushey and Year 6 to the PGL activity centre at Osmington Bay in Dorset.

The school's challenge is to improve even further on this high attainment to ensure that the school can remain outstanding for the progress children make.

Charities we have supported this year included Children in Need, Operation Christmas Child, The Royal British Legion, Macmillan Cancer Support and Harlow Foodbank. We enjoy links with other local primary and secondary schools for music, sport and languages.

**Going concern**

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

**FINANCIAL REVIEW**

**Financial Review**

The principal source of funding for the academy is the General Annual Grant (GAG) funding that it receives from the EFA. For the year ended 31 August 2013 the academy received £1,436,302 (2012: £1,433,930) in GAG funding. A high percentage of this funding is spent on wages and salaries and support costs to deliver the academy's primary objective of

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

the provision of education.

**Principal risks and uncertainty**

The Academy maintains a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Finance and Resources Committee. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The governors report that the Academy's financial and internal controls conform to guidelines issued by the Education Funding Agency (EFA), and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

The governors assess the principal risks and uncertainties facing the Academy as follows:

- Staff retention: possibly the biggest single risk to the Academy would lie in its failure to retain key staff – in particular, the principal. However, it is not felt that there are any immediate threats in this regard, and that recent and current development such as the conversion to academy status will aid retention.
- Material decrease in income affecting provision: highly unlikely. The budget for 2013-14 is sound, and the longer-term financial plan shows considerable contingency against unwelcome future developments.
- Falling rolls: highly unlikely. Initial response to the conversion to academy status has showed no diminution in pupil and parental enthusiasm. The school/Academy has been oversubscribed for many years and there is every sign of this continuing.
- Staff recruitment: conversion to academy status has not affected the attractiveness of the Academy to potential new staff, with each vacancy having received a multiple of oversubscribed applications.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy, though it has no need for credit facilities.
- The Academy's cash flow is healthy and long-term financial planning predicts it will remain so.

**Reserves policy**

The governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be set to not lower than £10,000. The reason for this is to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £49,105 (2012: £72,034), which is considered to be adequate.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the academy is recognising a significant pension fund deficit of £400,000 (2012:£412,000). This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The academy has increased payments by 6% per annum towards the deficit and it is envisaged that should this amount be increased it will be met from its budgeted annual income. The recognition of this deficit has no direct impact on the free reserves of the academy trust.

**Investment policy**

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The policy aims to invest cash such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy.

**Key performance indicators**

“staffing costs as a percentage of main grant income”  
“income per pupil”  
“staffing cost to GAG income”  
“staff costs as a percentage of total expenditure”  
“capital expenditure per pupil”  
“net revenue compared to budget”  
Use of Pupil Premium

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**GOVERNORS' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2013**

**PLANS FOR FUTURE PERIODS**

**Plans for the future**

The Academy will continue striving to improve the levels of performance of its pupils at all levels, and will attempt to maintain its recent progress in ensuring the number of pupils on roll properly reflects the demand for places.

The governors intend to enhance and expand facilities in pursuance of the school's commitment to ensure that all pupils achieve their potential. It is recognised that pupils with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

Summercroft has agreed to manage the Aspects Fund, this was previously part of Hertfordshire County Council's Extended Services Strategy. In September 2011 the team evolved into one of the Local Partnership of Schools teams. The Partnership, which consists of 26 local schools exists to promote a local network of services which support parents and families in the local area.

The opening balance received on conversion was £1,755, as at the year end funds held amounted to £31,848 (period to 2012: £26,453).

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are governor 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 aware, 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 the charitable company's auditors are aware of that information.

This report was approved by order of the members of the Governing Body on ..... and signed on its behalf by:

**Mrs J Cutler**  
Chair of Governors

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Summercroft Primary School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr M Smith	3	4
Mrs J Cutler	4	4
Mr T Winstanley	4	4
Mrs K Buffham	3	4
Mrs A Burns	4	4
Mrs J Gapper	3	4
Mrs C Hinstridge	3	4
Mrs J Malik	3	4
Mrs E Bailey	4	4
Mr K Goodeve	3	4
Mrs C Millan-Trusty	3	4
Ms M Weir	4	4
Mr M Wells	1	4
Mrs Janice Wray	1	3

The Finance and Resources Committee is a sub-committee of the main Governing Body. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M Smith	4	4
Mrs E Bailey	3	4
Mr K Goodeve	3	4
Mr T Winstanley	3	4
Ms M Weir	4	4
Mrs J Cutler	2	4

**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 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 Summercroft Primary School for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

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**GOVERNANCE STATEMENT (continued)**

**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 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 Finance and 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 (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mrs Julie Goodeve, a , 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 a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

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

- the work of the Responsible Officer;
- the work of the external auditors;
- 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 Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on \_\_\_\_\_ and signed on their behalf, by:

**Mrs J Cutler**  
Chair of Governors

**Mr M Smith**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Summernote Primary School 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 (2012).

I confirm that I and the academy Governing Body are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

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

**Mr M Smith**  
Accounting Officer

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**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

The Governors (who act as trustees for charitable activities of Summercroft Primary School 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 EFA, United Kingdom Accounting Standards (UKGAAP) 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 its incoming resources and application of resources, including its income and expenditure, 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;
- state whether applicable UKGAAP Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

and signed on its behalf by:

**Mrs J Cutler**  
Chair of Governors

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMERCROFT PRIMARY SCHOOL**

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

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

The Governors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMERCROFT PRIMARY SCHOOL**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Governors' Report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of  
**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
Date:

Price Bailey LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
SUMMERCROFT PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Summercroft Primary School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF SUMMERCROFT PRIMARY SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT'S**

The accounting officer is responsible, under the requirements of Summercroft Primary School's funding agreement with the Secretary of State for Education dated 21 March 2011, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the accounting officers' statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other Key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
SUMMERCROFT PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Price Bailey LLP**

Chartered Accountants

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

Date:

**SUMMERCROFT PRIMARY SCHOOL**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Net assets transferred on conversion	2	-	-	-	-	2,283,532
Other voluntary income	2	-	65,544	-	65,544	70,801
Activities for generating funds	3	105,467	30,774	-	136,241	147,411
Investment income	4	769	-	-	769	988
Incoming resources from charitable activities	5	7,000	1,637,784	272,896	1,917,680	1,624,203
<b>TOTAL INCOMING RESOURCES</b>		<b>113,236</b>	<b>1,734,102</b>	<b>272,896</b>	<b>2,120,234</b>	<b>4,126,935</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	7	136,165	1,677,319	370,960	2,184,444	1,900,125
Governance costs	6	-	7,100	-	7,100	16,158
<b>TOTAL RESOURCES EXPENDED</b>	8	<b>136,165</b>	<b>1,684,419</b>	<b>370,960</b>	<b>2,191,544</b>	<b>1,916,283</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>(22,929)</b>	<b>49,683</b>	<b>(98,064)</b>	<b>(71,310)</b>	<b>2,210,652</b>
Transfers between Funds	16	-	(47,101)	47,101	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>(22,929)</b>	<b>2,582</b>	<b>(50,963)</b>	<b>(71,310)</b>	<b>2,210,652</b>
Actuarial gains and losses on defined benefit pension schemes		-	17,000	-	17,000	(76,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(22,929)</b>	<b>19,582</b>	<b>(50,963)</b>	<b>(54,310)</b>	<b>2,134,652</b>
Total funds at 1 September 2012		72,034	(419,500)	2,482,118	2,134,652	-
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>49,105</b>	<b>(399,918)</b>	<b>2,431,155</b>	<b>2,080,342</b>	<b>2,134,652</b>

All activities relate to continuing operations.

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

The notes on pages 17 to 32 form part of these financial statements.

**SUMMERCROFT PRIMARY SCHOOL****(A Company Limited by Guarantee)****REGISTERED NUMBER: 07715667****BALANCE SHEET  
AS AT 31 AUGUST 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	13		2,431,155		2,509,804
<b>CURRENT ASSETS</b>					
Debtors	14	32,334		45,976	
Cash at bank and in hand		224,794		180,676	
		<u>257,128</u>		<u>226,652</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(207,941)		(189,804)	
<b>NET CURRENT ASSETS</b>			49,187		36,848
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,480,342</u>		<u>2,546,652</u>
Defined benefit pension scheme liability	21		(400,000)		(412,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,080,342</u>		<u>2,134,652</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds :					
Restricted funds	16	82		(7,500)	
Restricted fixed asset funds	16	2,431,155		2,482,118	
		<u>2,431,237</u>		<u>2,474,618</u>	
Restricted funds excluding pension liability				2,474,618	
Pension reserve		(400,000)		(412,000)	
		<u>2,031,237</u>		<u>2,062,618</u>	
Total restricted funds			2,031,237		2,062,618
Unrestricted funds	16		49,105		72,034
<b>TOTAL FUNDS</b>			<u>2,080,342</u>		<u>2,134,652</u>

The Governors consider that the academy is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the academy to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

**Mrs J Cutler**  
Chair of Governors

The notes on pages 17 to 32 form part of these financial statements.

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	31 August 2013 £	Period Ended 31 August 2012 £
Net cash flow from operating activities	18	62,545	208,042
Returns on investments and servicing of finance - interest		988	-
Capital expenditure and financial investment		(19,415)	(27,366)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>44,118</u>	<u>180,676</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	31 August 2013 £	Period Ended 31 August 2012 £
Increase in cash in the year	<u>44,118</u>	<u>180,676</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	44,118	180,676
Net funds at 1 September 2012	<u>180,676</u>	-
<b>NET FUNDS AT 31 AUGUST 2013</b>	<u>224,794</u>	<u>180,676</u>

The notes on pages 17 to 32 form part of these financial statements.

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. 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 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

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

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

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

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.4 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.

Charitable activities are costs incurred in the furtherance of the academy's primary objectives.

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.

Where an expense is deemed to be for business purposes i.e not in relation to the academy's charitable purpose, the expenditure this related to will include irrecoverable VAT.

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	22 years straight line
Long Term Leasehold Land	-	125 years straight line
Fixtures and fittings	-	10-15 years straight line
Computer equipment	-	3-10 years straight line

**1.7 Operating leases**

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

**1.8 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.

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.9 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 21, 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.

**2. OTHER VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Net assets transferred on conversion	-	-	-	2,283,532
Donations	-	63,249	63,249	56,926
Grants	-	2,295	2,295	13,875
Subtotal	-	65,544	65,544	70,801
Voluntary income	-	65,544	65,544	2,354,333

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Hire of Facilities	24,764	10,089	34,853	32,146
Catering Income	77,478	-	77,478	80,977
Other Income	3,225	20,685	23,910	34,288
	105,467	30,774	136,241	147,411

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Bank Interest	769	-	769	988
	<u>769</u>	<u>-</u>	<u>769</u>	<u>988</u>

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,436,302	1,436,302	1,433,930
Other DfE / EFA grants	7,000	398,460	405,460	133,113
	<u>7,000</u>	<u>1,834,762</u>	<u>1,841,762</u>	<u>1,567,043</u>
<b>Other government grants</b>				
Local authority grants	-	75,918	75,918	57,161
	<u>-</u>	<u>75,918</u>	<u>75,918</u>	<u>57,161</u>
	<u>7,000</u>	<u>1,910,680</u>	<u>1,917,680</u>	<u>1,624,204</u>

**6. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Governance statutory auditors' remuneration	-	3,750	3,750	3,750
Governance statutory auditors' other costs	-	3,350	3,350	3,750
Legal and professional	-	-	-	8,658
	<u>-</u>	<u>7,100</u>	<u>7,100</u>	<u>16,158</u>

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DIRECT COSTS</b>				
Wages and salaries	-	1,001,128	1,001,128	931,908
National insurance	-	65,461	65,461	63,398
Pension cost	-	154,639	154,639	134,578
Educational supplies	-	78,740	78,740	70,256
Staff development	-	7,615	7,615	8,977
Educational consultancy	-	10,470	10,470	6,659
Other costs	-	15,969	15,969	15,135
	<u>-</u>	<u>1,334,022</u>	<u>1,334,022</u>	<u>1,230,911</u>
<b>SUPPORT COSTS</b>				
Wages and salaries	-	150,991	150,991	185,994
National insurance	-	5,601	5,601	6,060
Pension cost	-	24,733	24,733	25,438
Depreciation	-	98,010	98,010	101,293
Pension income	-	14,000	14,000	15,000
Technology costs	-	43,167	43,167	44,298
Travel & subsistence	-	880	880	957
Other Costs	-	2,132	2,132	2,892
Maintenance of premises & machinery	42,144	246,935	289,079	46,294
Cleaning	-	23,787	23,787	23,995
Rates	-	5,531	5,531	3,808
Energy	-	18,712	18,712	16,416
Insurance	-	21,349	21,349	21,694
Security	-	1,759	1,759	8,162
Catering	94,021	-	94,021	99,038
Occupy costs	-	13,766	13,766	14,101
Bank interest & charges	-	2,617	2,617	1,645
Telephone expenses	-	1,076	1,076	1,308
Printing, postage and stationary	-	23,397	23,397	23,289
Professional fees	-	15,814	15,814	27,532
	<u>136,165</u>	<u>714,257</u>	<u>850,422</u>	<u>669,214</u>
	<u>136,165</u>	<u>2,048,279</u>	<u>2,184,444</u>	<u>1,900,125</u>

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Provision of education - direct costs	1,221,228	-	112,794	1,334,022	1,230,911
Provision of education - support costs	181,325	98,010	571,087	850,422	669,214
<b>Charitable activities</b>	<b>1,402,553</b>	<b>98,010</b>	<b>683,881</b>	<b>2,184,444</b>	<b>1,900,125</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>7,100</b>	<b>7,100</b>	<b>16,158</b>
	<b>1,402,553</b>	<b>98,010</b>	<b>690,981</b>	<b>2,191,544</b>	<b>1,916,283</b>

**9. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	31 August 2013 £	Period Ended 31 August 2012 £
Depreciation of tangible fixed assets: - owned by the charity	98,010	101,293
Auditors' remuneration	3,750	3,750
Governance Internal audit costs	-	-

**10. GOVERNORS' REMUNERATION AND EXPENSES**

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	31 August 2013 £	Period Ended 31 August 2012 £
Mr M Smith	70,000-75,000	70,000-75,000
Mrs C Hinstridge	55,000-60,000	50,000-55,000
Mrs J Gapper	40,000-45,000	40,000-45,000
Mrs J Malik	35,000-40,000	35,000-40,000
Mrs A Burns	10,000-15,000	10,000-15,000

2 staff governors received reimbursements of expenses in pursuance of their employment of £250. No governors received any reimbursements of expenses in their role of governors.

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**11. STAFF COSTS**

Staff costs were as follows:

	31 August 2013 £	Period Ended 31 August 2012 £
Wages and salaries	1,137,294	1,107,785
Social security costs	71,062	69,457
Other pension costs (Note 21)	179,372	160,017
	<u>1,387,728</u>	<u>1,337,259</u>
Supply costs	14,825	10,117
	<u>1,402,553</u>	<u>1,347,376</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:

	31 August 2013 No.	Period Ended 31 August 2012 No.
Teachers	16	16
Administration and support	26	22
Management	2	2
	<u>44</u>	<u>40</u>

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

	31 August 2013 No.	Period Ended 31 August 2012 No.
In the band £ 70,001 - £ 80,000	1	1

All of the above employees participated in the Teachers Pension Scheme during the year ended 31 August 2013. The academy made contributions of £10,404 (2012: £10,404) for these members during the year.

**12. 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 £2,000,000 on any one claim and the cost of the insurance is included in the total insurance cost.

**SUMMERCROFT PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2012	2,563,555	27,443	20,099	2,611,097
Additions	-	13,695	5,720	19,415
Disposals	-	(72)	-	(72)
At 31 August 2013	<u>2,563,555</u>	<u>41,066</u>	<u>25,819</u>	<u>2,630,440</u>
<b>Depreciation</b>				
At 1 September 2012	91,496	3,844	5,953	101,293
Charge for the year	90,572	3,675	3,763	98,010
On disposals	-	(18)	-	(18)
At 31 August 2013	<u>182,068</u>	<u>7,501</u>	<u>9,716</u>	<u>199,285</u>
<b>Net book value</b>				
At 31 August 2013	<u><u>2,381,487</u></u>	<u><u>33,565</u></u>	<u><u>16,103</u></u>	<u><u>2,431,155</u></u>
At 31 August 2012	<u><u>2,472,059</u></u>	<u><u>23,599</u></u>	<u><u>14,146</u></u>	<u><u>2,509,804</u></u>

The land and buildings have been included in the accounts based on the valuation arranged by the EFA using depreciated replacement cost. The Governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

**14. DEBTORS**

	2013 £	2012 £
Trade debtors	-	1,071
Other debtors	26,069	25,854
Prepayments and accrued income	6,265	19,051
	<u>32,334</u>	<u>45,976</u>

**15. CREDITORS:**  
**Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	90	25
Other taxation and social security	23,245	24,108
3rd party creditor Aspects	31,848	26,453
Other creditors	65,851	33,007
Accruals and deferred income	86,907	106,211
	<u>207,941</u>	<u>189,804</u>

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**15. CREDITORS:**  
**Amounts falling due within one year (continued)**

	<b>£</b>
<b>Deferred income</b>	
Deferred income at 1 September 2012	106,211
Capital Maintenance Funding	86,907
Amounts released from previous periods	(106,211)
	86,907
Deferred income at 31 August 2013	86,907

**16. STATEMENT OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>Unrestricted funds</b>						
General funds	72,034	113,236	(136,165)	-	-	49,105
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,436,302	(1,389,201)	(47,101)	-	-
Educational visits	-	38,706	(38,624)	-	-	82
SEN	-	38,401	(38,401)	-	-	-
HCC nursery grant	-	125,564	(125,564)	-	-	-
Restricted donations	-	24,543	(24,543)	-	-	-
Restricted music income	-	1,746	(1,746)	-	-	-
Restricted Other	(7,500)	21,234	(13,734)	-	-	-
Pupil premium	-	37,517	(37,517)	-	-	-
Other facilities income	-	10,089	(10,089)	-	-	-
Pension reserve	(412,000)	-	(5,000)	-	17,000	(400,000)
	(419,500)	1,734,102	(1,684,419)	(47,101)	17,000	(399,918)
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	2,482,118	-	(98,064)	47,101	-	2,431,155
DFC	-	57,702	(57,702)	-	-	-
Other capital grants	-	215,194	(215,194)	-	-	-
	2,482,118	272,896	(370,960)	47,101	-	2,431,155
Total restricted funds	2,062,618	2,006,998	(2,055,379)	-	17,000	2,031,237
Total of funds	2,134,652	2,120,234	(2,191,544)	-	17,000	2,080,342

**SUMMERCROFT PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**16. STATEMENT OF FUNDS (continued)**

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

**General Annual Grant (GAG)**

This represents funding from the EFA to cover the costs of recurrent expenditure.

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

**Educational visits**

This represents contributions made by parents to the running of educational visits for the pupils of The School and the associated costs of running the visits.

**Special Educational Needs (SEN)**

This represents allocated funding for special educational needs pupils.

**Hertfordshire County Council (HCC) nursery grant**

This represents funds received from the local authority to support the provision of nursery services.

**Restricted donations**

This represents funds received from various bodies for the provision of a specific purpose, with the Academy's charitable objectives.

**Restricted music income**

This represents funding received for the provision of music lesson to pupils.

**Pupil premium**

This represents funding used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**Other restricted**

This represents other small donations from individuals and businesses for the provision of specific services associated with the furtherance of the academy trust's charitable objectives.

**Other facilities income**

This represents income from use of facilities, which is utilised in the upkeep and provision of these facilities.

**Pension reserve**

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the academy on conversion from a State Maintained School.

**Restricted fixed asset funds**

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

**Devolved Formula Capital (DFC)**

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

**Other capital grant**

This represents funding to repair the roof and boiler.

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**16. STATEMENT OF FUNDS (continued)**

**SUMMARY OF FUNDS**

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General funds	72,034	113,236	(136,165)	-	-	49,105
Restricted funds	(419,500)	1,734,102	(1,684,419)	(47,101)	17,000	(399,918)
Restricted fixed asset funds	2,482,118	272,896	(370,960)	47,101	-	2,431,155
	<u>2,134,652</u>	<u>2,120,234</u>	<u>(2,191,544)</u>	<u>-</u>	<u>17,000</u>	<u>2,080,342</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	2,431,155	2,431,155	2,509,804
Current assets	49,105	208,023	-	257,128	226,652
Creditors due within one year	-	(207,941)	-	(207,941)	(189,804)
Provisions for liabilities and charges	-	(400,000)	-	(400,000)	(412,000)
	<u>49,105</u>	<u>(399,918)</u>	<u>2,431,155</u>	<u>2,080,342</u>	<u>2,134,652</u>

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	31 August 2013 £	Period Ended 31 August 2012 £
Net incoming resources before revaluations	(71,310)	2,210,652
Returns on investments and servicing of finance	(988)	-
Assets transferred on conversion	-	(2,583,891)
Depreciation of tangible fixed assets	98,010	101,453
Decrease/(increase) in debtors	13,642	(45,976)
Increase in creditors	18,137	189,804
Deficit on disposal of tangible fixed assets	54	-
FRS 17 adjustments	5,000	336,000
<b>Net cash inflow from operations</b>	<u>62,545</u>	<u>208,042</u>

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**19. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	180,676	44,118	-	224,794
<b>Net funds</b>	<b>180,676</b>	<b>44,118</b>	<b>-</b>	<b>224,794</b>

**20. CAPITAL COMMITMENTS**

At 31 August 2013 the academy had capital commitments as follows:

	2013 £	2012 £
Contracted for but not provided in these financial statements	-	232,445

**21. 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 Hertfordshire County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2012.

Contributions amounting to £24,568 were payable to the scheme at 31 August 2013 (2012 - 22,791) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

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

The Teachers' 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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**21. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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

**Teachers' Pension Scheme Changes**

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

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

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

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

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

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**21. PENSION COMMITMENTS (continued)**

**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 2013 was £122,000, of which employer's contributions totalled £100,000 and employees' contributions totalled £22,000. The agreed contribution rates for future years are 16.8% for employers and 6.6% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

	31 August 2013 £	Period Ended 31 August 2012 £
Present value of funded obligations	(905,000)	(741,000)
Fair value of scheme assets	505,000	329,000
	<u>(400,000)</u>	<u>(412,000)</u>
Net liability	<u>(400,000)</u>	<u>(412,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	31 August 2013 £	Period Ended 31 August 2012 £
Current service cost	(91,000)	(75,000)
Interest on obligation	(33,000)	(30,000)
Expected return on scheme assets	19,000	15,000
	<u>(105,000)</u>	<u>(90,000)</u>
Total	<u>(105,000)</u>	<u>(90,000)</u>
Actual return on scheme assets	<u>54,000</u>	<u>26,000</u>

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

	31 August 2013 £	Period Ended 31 August 2012 £
Opening defined benefit obligation	741,000	-
Current service cost	91,000	75,000
Interest cost	33,000	30,000
Contributions by scheme participants	22,000	22,000
Actuarial Losses	18,000	86,000
Present value of defined benefit obligation on conversion	-	528,000
	<u>905,000</u>	<u>741,000</u>
Closing defined benefit obligation	<u>905,000</u>	<u>741,000</u>

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**21. PENSION COMMITMENTS (continued)**

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

	31 August 2013 £	Period Ended 31 August 2012 £
Opening fair value of scheme assets	329,000	-
Expected return on assets	19,000	15,000
Actuarial gains and (losses)	35,000	10,000
Contributions by employer	100,000	98,000
Contributions by employees	22,000	22,000
Fair value of scheme assets on conversion	-	184,000
	<u>505,000</u>	<u>329,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £17,000 (2012 - £76,000 loss).

The academy expects to contribute £101,000 to its Defined Benefit Pension Scheme in 2014.

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

	2013	2012
Equities	74.00 %	69.00 %
Bonds	18.00 %	19.00 %
Property	5.00 %	6.00 %
Cash	3.00 %	6.00 %

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

	2013	2012
Discount rate for scheme liabilities	4.60 %	4.10 %
Expected return on scheme assets at 31 August	5.90 %	4.90 %
Rate of increase in salaries	5.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %

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

	2013	2012
Retiring today		
Males	21.0	21.0
Females	23.8	23.8
Retiring in 20 years		
Males	22.9	22.9
Females	25.7	25.7

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**21. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(905,000)	(741,000)
Scheme assets	505,000	329,000
Deficit	(400,000)	(412,000)
Experience adjustments on scheme assets	35,000	10,000

**22. OPERATING LEASE COMMITMENTS**

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

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	-	-	11,619	11,619
Between 2 and 5 years	-	-	7,495	7,495
	-	-	19,114	19,114

**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.